

**AGENDA**  
**IOWA ALCOHOLIC BEVERAGES COMMISSION MEETING**

Iowa Alcoholic Beverages Division  
June 25, 2019 – 1:00 PM – 4:00 PM  
Dial in Number: 1.866.685.1580  
Conference Code Number: 0009991572

**Call to Order.....Chairperson Eubank**

- I. Introductions/Opening Remarks
- II. Approval of Agenda - **ACTION ITEM**
- III. Approval of Minutes March 26, 2019 - **ACTION ITEM**

**Administrator's Report.....Administrator Larson**

- IV. Business Operations Report
- V. ABD 2019 Legislative Report

**Public Comment.....Chairperson Eubank**

**Old Business.....Chairperson Eubank**

**New Business.....Chairperson Eubank**

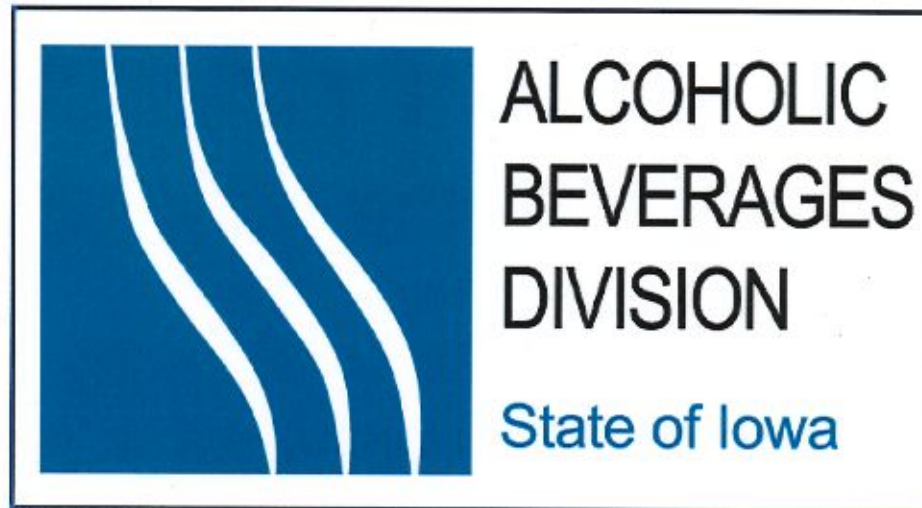
- Election of Officers – **ACTION ITEM**
- Listing Appeals – **ACTION ITEM**
  - Heroes Vodka
  - SLRRRP

**Next Meeting Dates.....Chairperson Eubank**

- August 27, 2019
- October 15, 2019

**Adjournment.....Chairperson Eubank**

NOTE: Committee and Board agendas may be amended any time up to 24 hours before the meetings. Agenda items may be considered out of order at the discretion of the chair. Meetings will not convene earlier than stated above. If you require accommodations to participate in this public meeting, call 515.281.7407 or TTY at (toll-free) 866.IowaABD to make your request. Please notify ABD at least 48 hours in advance.



## **Financial Overview**

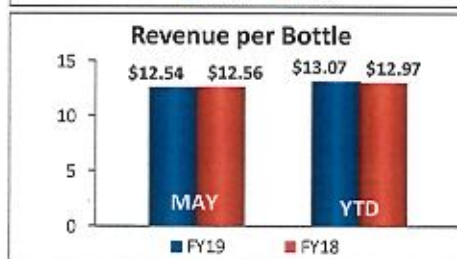
**Fiscal Year 2019 YTD  
July 1, 2018 – May 31, 2019**

# Iowa Alcoholic Beverages Division

## Financial Analysis

### FY19 May Sales Comparison Year Over Year Cash Basis

Category	FY 2019	FY 2018	% Change
Liquor Sales	31,010,524	28,885,362	7.36%
Split Case Fee	127,840	140,728	-9.16%
Bottle Dep and Sur	307,778	279,051	10.29%
Total Revenue	31,446,142	29,305,141	7.31%
Deliveries	4,468	4,724	-5.42%
Orders	5,469	5,085	7.55%
Cases	213,707	196,603	8.70%
Bottles	2,508,064	2,332,509	7.53%

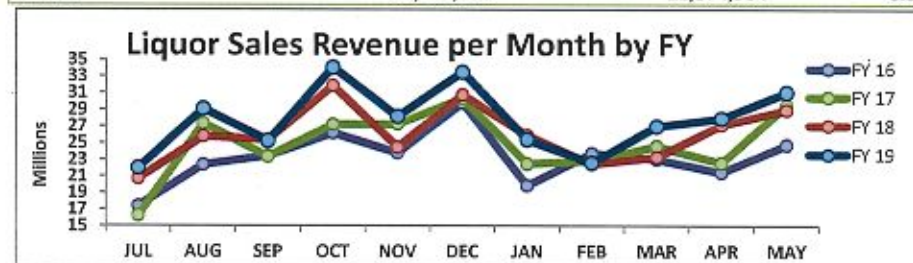


**JUL - MAY Average Sale Days Comparison**

Month	YOY
JULY - SEP	0
OCT - DEC	1
JAN - MAR	-1
APR	1
MAY	0
<b>Total Through MAY</b>	<b>1</b>

### FY19 July - May Sales Comparison Year to Date

Category	FY 2019	FY 2018	% Change
Liquor Sales	305,687,888	286,148,098	6.83%
Split Case Fee	1,388,140	1,414,225	-1.84%
Bottle Dep and Sur	2,967,011	2,722,283	8.99%
Total Revenue	310,043,039	290,284,606	6.81%
Deliveries	48,274	48,137	0.28%
Orders	56,452	56,639	-0.33%
Cases	1,978,028	1,861,042	6.29%
Bottles	23,729,193	22,374,904	6.05%







ALCOHOLIC  
BEVERAGES  
DIVISION  
State of Iowa

## ABD Metrics July 1, 2018 - May 31, 2019

### FY19 Current Financial Analysis

Metric	FY2019	FY2018	Trend	5 Year Average	4 Year Average
Total Liquor Sales YTD	305,687,887.70	286,148,097.50	6.83%	10.65%	5.64%
12 Month Moving Average	26,122,277.10	24,498,235.93	6.63%	4.70%	4.99%
Split Case Fee	127,840.00	140,728.00	-9.16%		
Bottle Deposit Revenue	307,778.00	279,051.00	10.29%		
Monthly Sale of Licenses	1,435,342.60	1,440,912.90	-0.39%		
Sale of Licenses YTD	15,157,526.22	14,861,640.15	1.99%		
Substance Abuse Reversion	2,179,685.51	2,031,826.24	7.28%		
Liquor Profits Reversion	9,500,000.00	9,500,000.00	0.00%		
Total General Fund Reversion	11,679,685.51	11,531,826.24	1.28%		
Total General Fund Reversion YTD	112,995,321.95	108,429,362.57	4.21%		
Monthly Order Volume	5,469	5,085	7.55%		
Monthly Case Volume	213,707	196,603	8.70%		
Monthly Bottle Volume	2,508,064	2,332,509	7.53%		
Monthly Delivery Volume	4,468	4,724	-5.42%		
Monthly Pick Volume	490,672	494,922	-0.86%		



## Ruan Transition Update

Start Date for Ruan Partnership

**04/15/2019**

Go-Live for Warehouse Systems Transition

**08/05/2019 (pending testing)**

## ABD Financial comparison Challenges

How do we measure success?

- Financial metrics
- Warehouse and Fleet KPI's



## **Ruan weekly Invoices vs. ABD monthly totals**

### **Not an Apples to Apples Comparison**

- Different categories Tracked
- Pass through items tracked separately - ex: Fuel, boxes

### **Major Category Expenses not 1:1**

- Personnel- tracked with Rate per pick for WHSE
- Equipment charges- life of contract vs ABD owned Equipment
- Picks and Breakage





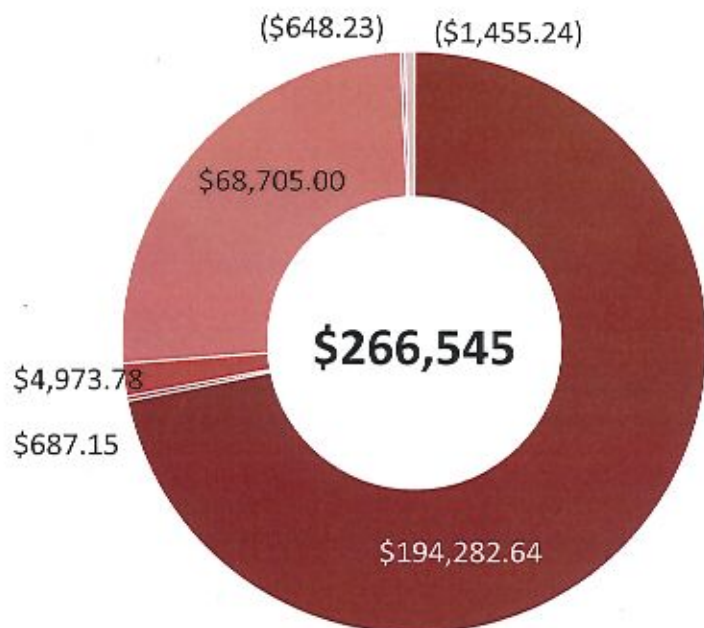
## Ruan Invoices vs. ABD Totals May 1 – May 31

Week Ending	Ruan Warehouse	Ruan Fleet
05/04/2019	\$49,668.21	\$60,586.83
05/11/2019	\$53,330.98	\$58,904.88
05/18/2019	\$54,123.52	\$59,778.20
05/25/2019	\$56,804.86	\$58,203.21
06/01/2019	\$52,617.53	\$56,927.10
<b>TOTAL for May</b>	<b>\$266,545.10</b>	<b>\$294,400.22</b>

Month of May	ABD Warehouse	ABD Fleet
<b>ABD Total Month FY18</b>	<b>\$154,115</b>	<b>\$239,846</b>
Amount Difference	\$112,430.10	\$54,554.22
<b>Percent Difference</b>	<b>73%</b>	<b>23%</b>



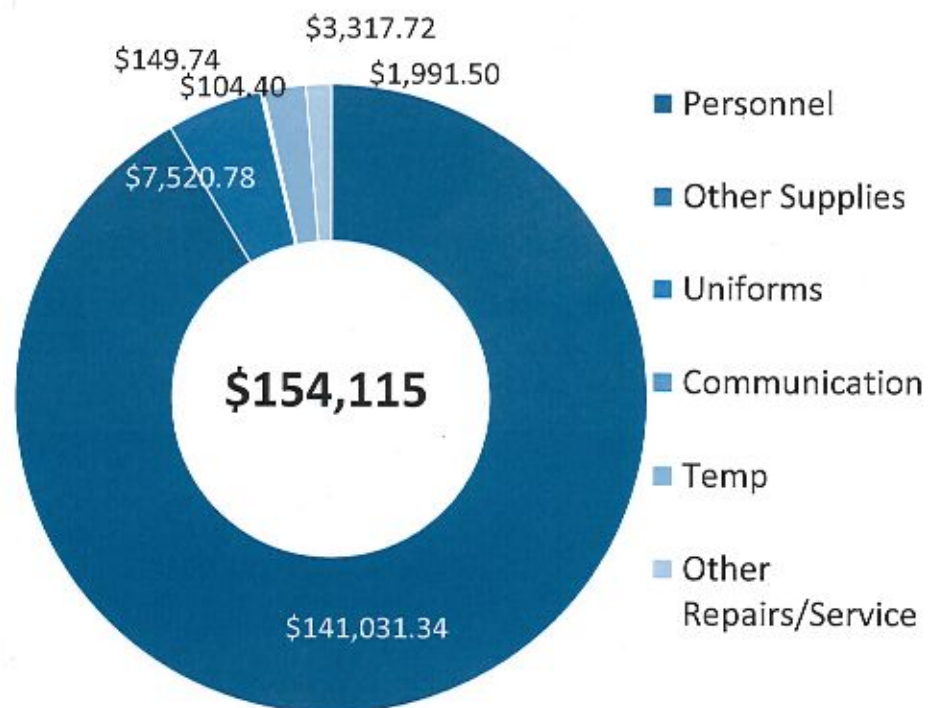
## Ruan Warehouse



- Rate per Pick
- Added Work, Electronic Transfers
- Wage, OT
- Fixed Rate Equipment
- Credits, Overs and Shorts
- Breakage

## Major Spend Categories Warehouse

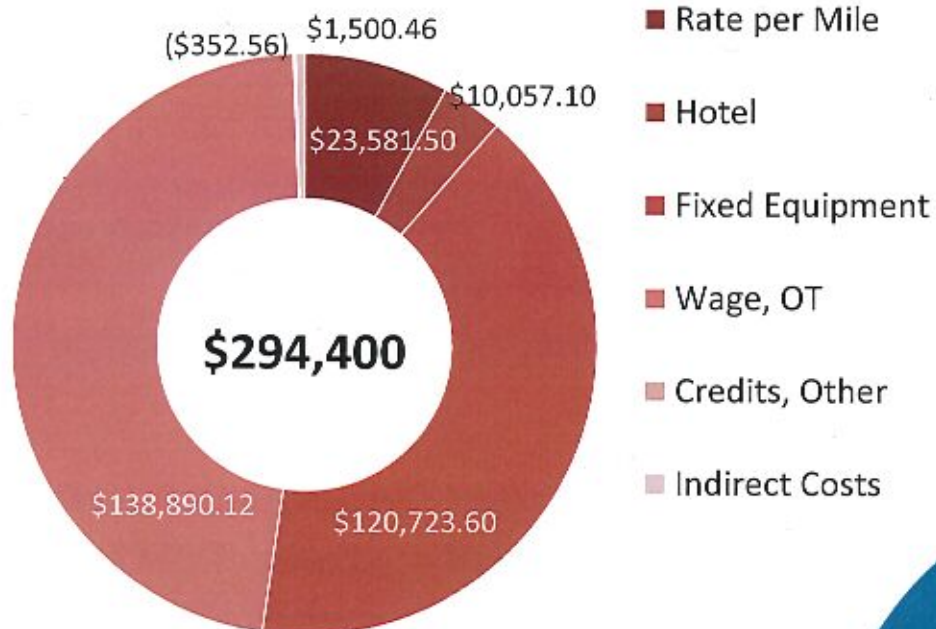
### ABD Warehouse



- Personnel
- Other Supplies
- Uniforms
- Communication
- Temp
- Other Repairs/Service

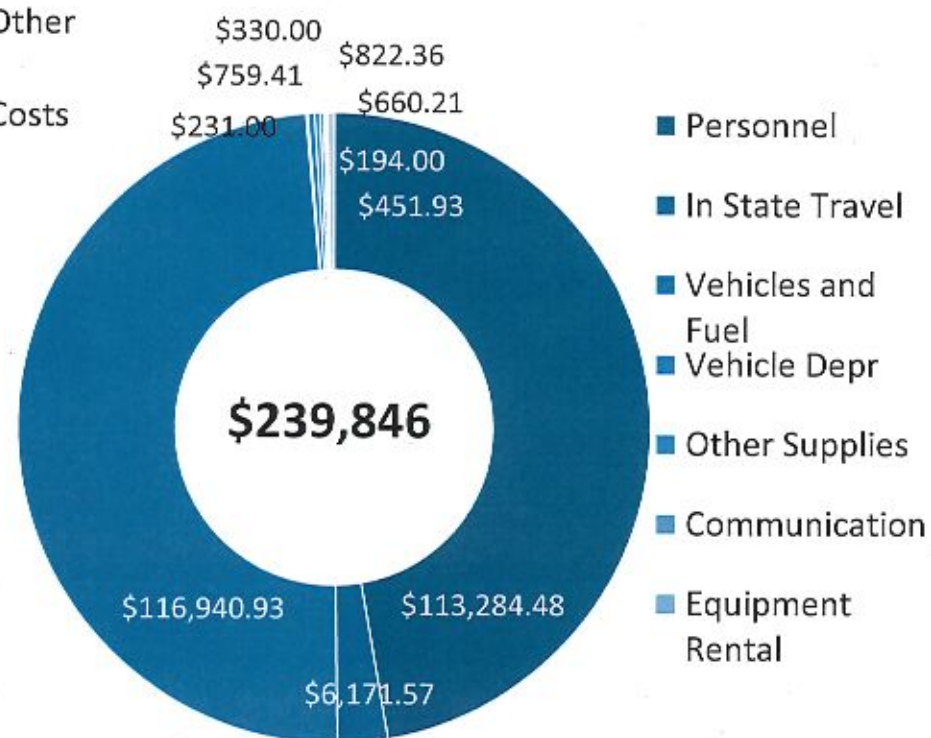


## Ruan Fleet



## Major Spend Categories Fleet

### ABD Fleet





## Yearly Estimate based on Current Expenses

### Average Ruan Weekly Invoice amount for May

- Warehouse \$53,309
- Fleet \$58,880

### Yearly Estimation\*

- Warehouse \$2,772,068
- Fleet \$3,061,760

	ABD Estimate Based on Cost Analysis	Ruan Estimate*	Amount Change	Percent Change
Warehouse	\$2,832,430	\$2,772,068	(\$60,362)	(2.1%)
Fleet	\$3,251,967	\$3,061,760	(\$190,207)	(5.9%)
Total	\$6,084,396	\$5,883,831	(\$250,568)	(4.1%)



**Reversion Analysis  
FY2019 / FY2018**

	Liquor Sales			Split Case Revenues			Total Revenue			FY 19 vs. FY 18 %
	FY17	FY18	FY19	FY17	FY18	FY19	FY17	FY18	FY19	Change
July	\$ 16,182,779.47	\$ 20,683,446.87	\$ 21,941,950.21	\$ 85,098.50	\$ 104,422.50	\$ 106,697.00	\$ 16,267,877.97	\$ 20,787,869.37	\$ 22,048,647.21	6.06%
August	\$ 27,281,631.01	\$ 25,737,769.80	\$ 29,079,661.16	\$ 147,015.18	\$ 130,670.00	\$ 130,138.50	\$ 27,428,646.19	\$ 25,868,439.80	\$ 29,209,799.66	12.92%
September	\$ 23,307,167.10	\$ 25,306,777.12	\$ 25,187,655.38	\$ 119,399.50	\$ 120,085.00	\$ 119,355.50	\$ 23,426,566.60	\$ 25,426,862.12	\$ 25,307,010.88	-0.47%
October	\$ 27,172,377.07	\$ 31,832,046.93	\$ 34,040,646.72	\$ 127,098.54	\$ 142,404.50	\$ 141,352.50	\$ 27,299,475.61	\$ 31,974,451.43	\$ 34,181,999.22	6.90%
November	\$ 27,186,630.66	\$ 24,401,342.17	\$ 28,138,662.10	\$ 135,059.96	\$ 121,120.00	\$ 125,948.00	\$ 27,321,690.62	\$ 24,522,462.17	\$ 28,264,610.10	15.26%
December	\$ 30,297,589.74	\$ 30,720,456.69	\$ 33,450,486.60	\$ 145,982.00	\$ 142,254.50	\$ 143,992.50	\$ 30,443,571.74	\$ 30,862,711.19	\$ 33,594,479.10	8.85%
January	\$ 22,434,323.13	\$ 25,828,473.91	\$ 25,368,631.62	\$ 135,460.00	\$ 151,250.50	\$ 135,719.95	\$ 22,569,783.13	\$ 25,979,724.41	\$ 25,504,351.57	-1.83%
February	\$ 22,804,158.85	\$ 22,403,643.21	\$ 22,588,926.88	\$ 107,044.50	\$ 111,386.18	\$ 109,315.00	\$ 22,911,203.35	\$ 22,515,029.39	\$ 22,698,241.88	0.81%
March	\$ 24,588,550.59	\$ 23,260,972.87	\$ 26,952,007.36	\$ 126,367.50	\$ 115,962.00	\$ 116,787.00	\$ 24,714,918.09	\$ 23,376,934.87	\$ 27,068,794.36	15.79%
April	\$ 22,551,186.27	\$ 27,087,806.47	\$ 27,928,735.23	\$ 116,776.00	\$ 133,942.00	\$ 130,994.00	\$ 22,667,962.27	\$ 27,221,748.47	\$ 28,059,729.23	3.08%
May	\$ 29,483,763.34	\$ 28,885,361.58	\$ 31,010,524.42	\$ 150,219.50	\$ 140,727.50	\$ 127,840.00	\$ 29,633,982.84	\$ 29,025,089.08	\$ 31,138,364.42	7.28%
June	\$ 25,636,821.18	\$ 28,316,439.65		\$ 121,086.50	\$ 130,611.50		\$ 25,757,907.68	\$ 28,447,051.15		-100.00%
July-Aug (H/O)	\$ 6,692,148.36	\$ 5,585,275.12		\$ 36,701.50	\$ 30,355.50		\$ 6,728,849.86	\$ 5,615,630.62		-100.00%
<b>Total</b>	<b>\$ 305,619,126.77</b>	<b>\$ 320,049,812.39</b>	<b>\$ 305,687,887.68</b>	<b>\$ 1,553,309.18</b>	<b>\$ 1,575,191.68</b>	<b>\$ 1,388,139.95</b>	<b>\$ 307,172,435.95</b>	<b>\$ 321,625,004.07</b>	<b>\$ 307,076,027.63</b>	<b>-125.34%</b>

% of Budget  
0.00%

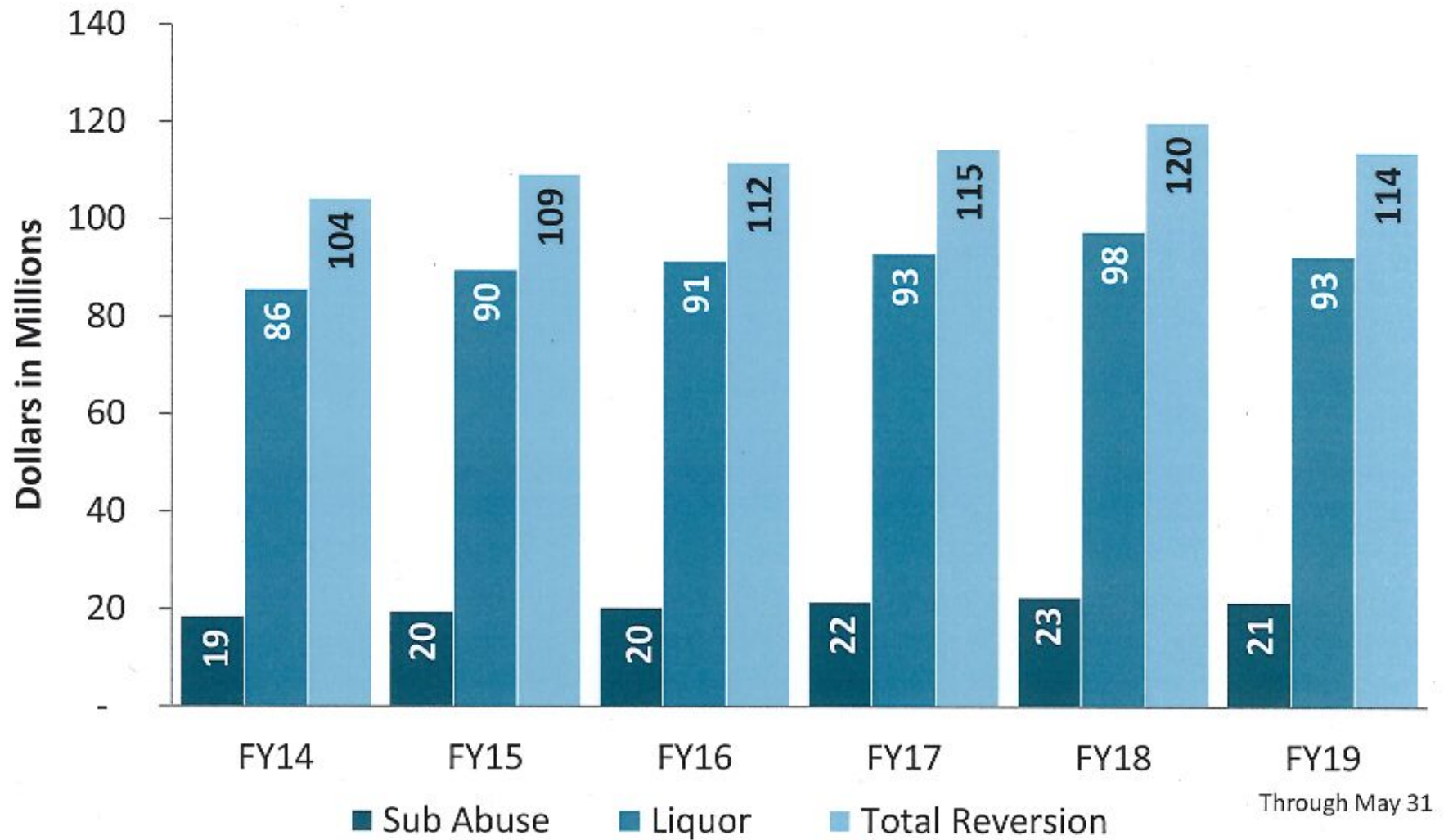
	Substance Abuse			General Fund Reversion			Total Reversion			FY 19 vs. FY 18 %
	FY17	FY18	FY19	FY17	FY18	FY19	FY17	FY18	FY19	Change
July	\$ 1,138,751.46	\$ 1,455,150.86	\$ 1,543,405.30	\$ 6,000,000	\$ 7,300,000	\$ 8,000,000	\$ 7,138,751.46	\$ 8,755,150.86	\$ 9,543,405.30	9.00%
August	\$ 1,920,005.23	\$ 1,810,790.79	\$ 2,044,685.98	\$ 7,000,000	\$ 6,500,000	\$ 7,500,000	\$ 8,920,005.23	\$ 8,310,790.79	\$ 9,544,685.98	14.85%
September	\$ 1,639,859.66	\$ 1,779,880.35	\$ 1,771,490.76	\$ 7,500,000	\$ 8,500,000	\$ 7,500,000	\$ 9,139,859.66	\$ 10,279,880.35	\$ 9,271,490.76	-9.81%
October	\$ 1,910,963.29	\$ 2,238,211.60	\$ 2,392,739.95	\$ 8,700,000	\$ 9,000,000	\$ 9,500,000	\$ 10,610,963.29	\$ 11,238,211.60	\$ 11,892,739.95	5.82%
November	\$ 1,912,518.34	\$ 1,716,572.35	\$ 1,978,522.71	\$ 9,000,000	\$ 7,000,000	\$ 9,000,000	\$ 10,912,518.34	\$ 8,716,572.35	\$ 10,978,522.71	25.95%
December	\$ 2,131,050.02	\$ 2,160,389.78	\$ 2,351,613.54	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000	\$ 11,131,050.02	\$ 11,160,389.78	\$ 11,351,613.54	1.71%
January	\$ 1,579,884.82	\$ 1,818,580.71	\$ 1,785,304.61	\$ 6,500,000	\$ 7,500,000	\$ 8,000,000	\$ 8,079,884.82	\$ 9,318,580.71	\$ 9,785,304.61	5.01%
February	\$ 1,603,784.23	\$ 1,576,052.06	\$ 1,588,876.93	\$ 7,000,000	\$ 7,500,000	\$ 8,000,000	\$ 8,603,784.23	\$ 9,075,052.06	\$ 9,588,876.93	5.65%
March	\$ 1,730,044.27	\$ 1,636,385.44	\$ 1,894,815.61	\$ 8,000,000	\$ 8,000,000	\$ 9,000,000	\$ 9,730,044.27	\$ 9,636,385.44	\$ 10,894,815.61	13.05%
April	\$ 1,586,757.36	\$ 1,905,522.39	\$ 1,964,181.05	\$ 7,500,000	\$ 8,500,000	\$ 7,500,000	\$ 9,085,757.36	\$ 10,405,522.39	\$ 9,464,181.05	-9.05%
May	\$ 2,074,378.80	\$ 2,031,826.24	\$ 2,179,685.51	\$ 9,500,000	\$ 9,500,000	\$ 9,500,000	\$ 11,574,378.80	\$ 11,531,826.24	\$ 11,679,585.51	1.28%
June	\$ 1,803,053.54	\$ 1,991,293.58		\$ 7,300,000	\$ 7,600,000		\$ 9,103,053.54	\$ 9,591,293.58		-100.00%
July-Aug (H/O)	\$ 471,019.49	\$ 393,094.14		\$ 67,415	\$ 1,634,820		\$ 538,434.49	\$ 2,027,914.14		-100.00%
<b>Total</b>	<b>\$ 21,502,070.51</b>	<b>\$ 22,513,750.29</b>	<b>\$ 21,495,321.93</b>	<b>93,067,415</b>	<b>97,534,820</b>	<b>92,500,000</b>	<b>\$ 114,569,485.51</b>	<b>\$ 120,048,570.29</b>	<b>\$ 113,995,321.93</b>	<b>-5.04%</b>

<b>Obligation</b>	<b>114,000,000</b>	<b>116,100,000</b>	<b>119,100,000</b>
<b>Over/Under Reversion</b>	<b>569,486</b>	<b>3,948,570</b>	<b>(5,104,678)</b>
	<b>100.50%</b>	<b>103.40%</b>	<b>95.71%</b>





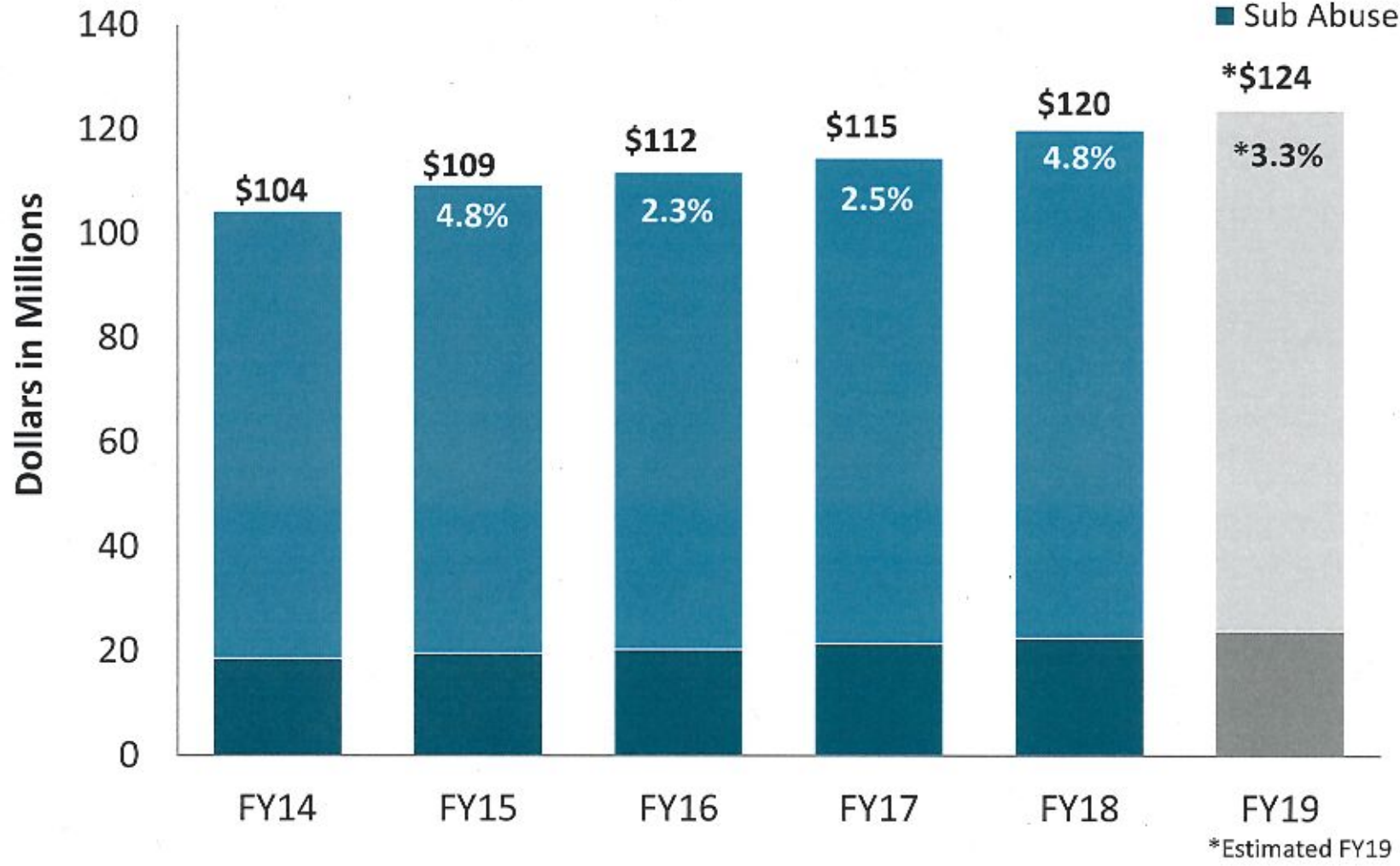
## Year Over Year Reversion Totals





## Total Reversion Growth

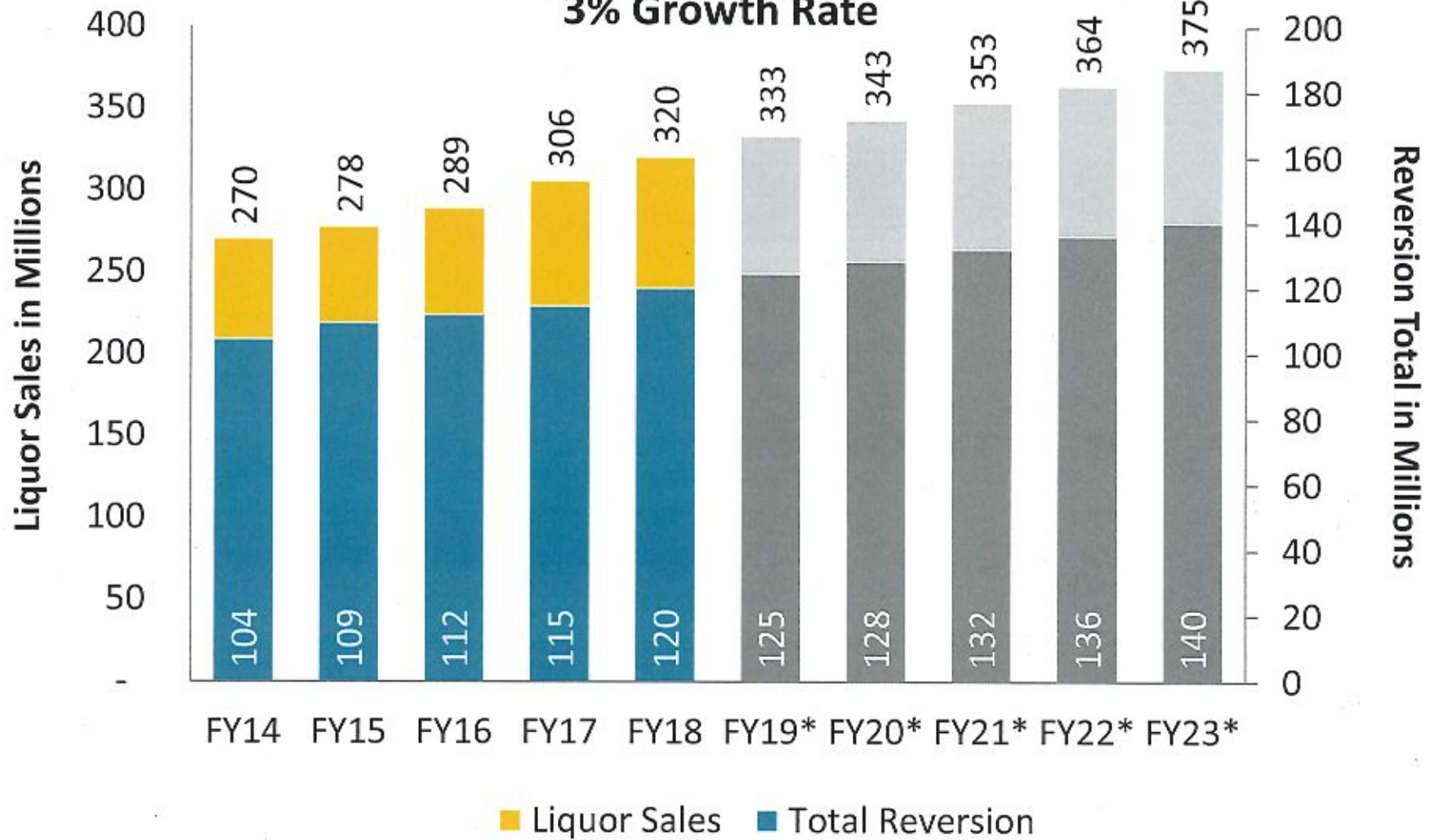
■ Liquor  
■ Sub Abuse





## Liquor Sales Growth vs Reversion Growth

### 3% Growth Rate





## Reversion Targets FY19 – FY21

	May YTD	EST June*	FY 2019*	FY 2020*	FY 2021*
<b><u>REVENUES</u></b>					
Liquor Sales Revenue	\$ 305,687,888	\$ 28,000,000	\$ 333,687,888	\$ 343,698,525	\$ 354,009,480
Other Revenues	\$ 26,486,051	\$ 2,500,000	\$ 28,986,051	\$ 29,855,633	\$ 31,049,858
<b>Total Revenues</b>	<b>\$ 332,173,939</b>	<b>\$ 30,500,000</b>	<b>\$ 362,673,939</b>	<b>\$ 373,554,157</b>	<b>\$ 385,059,338</b>
<b><u>EXPENSES</u></b>					
Cost of Sales (1.58)	\$ 204,104,516	\$ 18,704,000	\$ 222,808,516	\$ 229,590,614	\$ 236,478,333
Other Expenses	\$ 7,031,283	\$ 500,000	\$ 7,531,283	\$ 7,907,847	\$ 8,303,240
<b>REVERSION TO State General Fund</b>	<b>\$ 113,995,322</b>	<b>\$ 10,500,000</b>	<b>\$ 124,495,322</b>	<b>\$ 126,985,228</b>	<b>\$ 129,524,933</b>
Ruan Freight Expenses	\$ 411,642	\$ 294,400	\$ 706,042	\$ 3,214,848	\$ 3,375,590
Ruan Warehouse Expenses	\$ 372,698	\$ 266,545	\$ 639,243	\$ 2,910,671	\$ 3,056,205
<b>Toal Operting Expenses</b>	<b>\$ 784,340</b>	<b>\$ 560,945</b>	<b>\$ 1,345,285</b>	<b>\$ 6,125,519</b>	<b>\$ 6,431,795</b>
<b>TOTAL Revenues</b>	<b>\$ 332,173,939</b>	<b>\$ 30,500,000</b>	<b>\$ 362,673,939</b>	<b>\$ 373,554,157</b>	<b>\$ 385,059,338</b>
<b>TOTAL Expenses</b>	<b>\$ 325,915,461</b>	<b>\$ 30,264,945</b>	<b>\$ 356,180,406</b>	<b>\$ 370,609,209</b>	<b>\$ 380,738,300</b>
<b>Revenues over Expenditures</b>	<b>\$ 6,258,478</b>	<b>\$ 235,055</b>	<b>\$ 6,493,533</b>	<b>\$ 2,944,948</b>	<b>\$ 4,321,038</b>
<b>REVERSION TO State General Fund</b>	<b>\$ 113,995,322</b>	<b>\$ 10,500,000</b>	<b>\$ 124,495,322</b>	<b>\$ 126,985,228</b>	<b>\$ 129,524,933</b>
<b>Funds Available to Revert</b>	<b>\$ 120,253,800</b>	<b>\$ 10,735,055</b>	<b>\$ 130,988,855</b>	<b>\$ 129,930,177</b>	<b>\$ 133,845,971</b>
<b>REC Estimate</b>	<b>\$ 119,100,000</b>	<b>\$ 119,100,000</b>	<b>\$ 119,100,000</b>	<b>\$ 121,000,000</b>	<b>\$ 122,000,000</b>

Iowa AGD  
FY19 Profit and Loss Statement  
July 1, 2018 through May 31, 2019

	May FY 2019	May FY 2018	FY19 vs. FY18 % Chg.	FY19 vs. FY18 Amount Chg.	YTD FY 2019	YTD FY 2018	FY19 vs. FY18 % Chg.	FY19 vs. FY18 Amount Chg.
<b>Liquor Sales Revenue</b>	<b>31,010,524</b>	<b>29,885,362</b>	<b>7.36%</b>	<b>2,125,163</b>	<b>305,687,888</b>	<b>286,148,098</b>	<b>6.83%</b>	<b>19,539,790</b>
<b>Cost of Sales</b>								
Bailment	20,007,802	18,404,179	8.71%	1,603,623	195,185,787	183,933,310	6.12%	11,250,477
Less: Bailment Fees	(217,590)	(202,309)	7.55%	(15,281)	(2,070,769)	(1,974,497)	4.88%	(96,272)
Less: Special Handling Fees	(9,740)	(19,090)	-48.98%	9,350	(243,958)	(154,883)	57.51%	(89,075)
Less: Defective Products	(130)	(128)	1.96%	(3)	(3,306)	(7,192)	-54.04%	3,886
<b>Total Cost of Sales</b>	<b>19,780,342</b>	<b>18,182,652</b>	<b>8.79%</b>	<b>1,597,690</b>	<b>192,867,755</b>	<b>181,798,739</b>	<b>6.09%</b>	<b>11,069,015</b>
<b>Gross Profit</b>	<b>11,230,182</b>	<b>10,702,710</b>	<b>4.93%</b>	<b>527,473</b>	<b>112,820,133</b>	<b>104,349,358</b>	<b>8.12%</b>	<b>8,470,775</b>
<b>Gross Profit %</b>	<b>36.21%</b>	<b>37.05%</b>	<b>-2.26%</b>	<b>-0.84%</b>	<b>36.91%</b>	<b>36.47%</b>	<b>1.21%</b>	<b>0.44%</b>
<b>Operating Expenses</b>								
Freight Expenses	98,767	239,846	-58.82%	(141,084)	2,521,809	2,397,258	5.24%	125,551
Warehouse Expenses	31,822	154,115	-78.70%	(122,293)	1,826,230	1,899,056	-3.87%	(73,425)
Ruan Fleet Expenses	256,734	-	-100.00%	256,734	116,100	830,346	-86.02%	(714,246)
Ruan Warehouse Expenses	209,153	-	-100.00%	209,153	4,305,974	4,733,298	-9.03%	(427,324)
Other Expenses Related To Distribution	3,655,000	-	-100.00%	3,655,000	3,529,367	830,346	325.05%	2,699,020
<b>Total Operating Expenses</b>	<b>4,227,476</b>	<b>393,961</b>	<b>973.07%</b>	<b>3,833,503</b>	<b>12,309,480</b>	<b>10,690,904</b>	<b>15.06%</b>	<b>1,609,576</b>
<b>General and Administrative Expenses</b>								
Warehouse Administration	24,385	53,389	-55.84%	(8,954)	687,832	570,167	20.64%	117,555
Product Administration	23,004	23,639	-44.95%	(10,635)	134,876	275,556	-51.05%	(140,680)
Accounting	58,533	47,602	28.75%	8,930	592,682	329,859	0.53%	2,822
Information Technology	169,582	90,771	82.42%	74,811	1,325,682	1,592,013	-14.58%	(266,331)
Buildings and Grounds	42,623	30,445	40.00%	12,178	443,454	346,227	28.08%	97,227
<b>General and Administrative Expense Total</b>	<b>307,136</b>	<b>225,846</b>	<b>33.78%</b>	<b>78,290</b>	<b>3,124,525</b>	<b>3,273,821</b>	<b>-4.56%</b>	<b>(149,296)</b>
<b>Income from Operations</b>	<b>6,700,576</b>	<b>10,082,902</b>	<b>-33.53%</b>	<b>(3,382,326)</b>	<b>97,395,127</b>	<b>90,384,633</b>	<b>7.76%</b>	<b>7,010,494</b>
<b>Other Revenues</b>								
Split Case Fee	127,840	140,718	-9.16%	(12,888)	1,388,040	1,414,125	-1.85%	(26,185)
Bottle Deposit/Surcharge	307,778	279,051	10.29%	28,727	2,967,011	2,722,283	8.99%	244,728
Recycling	2,816	1,713	64.39%	1,103	26,722	19,256	38.77%	7,465
Fuel and Lease Reimbursement	-	-	-100.00%	-	62,730	61,346	2.26%	1,384
Other Revenue & Reimbursements	2,646	1,625	62.79%	1,021	-	-	-100.00%	-
Wine Tax and License Fees	2,088,074	1,120,789	-1.54%	-	21,867,443	21,669,001	0.93%	198,442
<b>Total Other Revenues</b>	<b>2,529,153</b>	<b>2,543,886</b>	<b>-0.58%</b>	<b>(14,733)</b>	<b>28,311,346</b>	<b>25,886,111</b>	<b>1.65%</b>	<b>429,894</b>
<b>Other Expenses</b>								
Bottle Deposit Fee	49,458	52,831	-6.38%	(3,372)	111,352	217,593	-5.05%	(11,232)
Recycle Surcharge Fee	22,556	191,000	-6.38%	(8,363)	524,178	552,031	-5.05%	(27,853)
License & Liquor Refunds	774	6,474	-88.04%	(5,700)	56,313	46,882	41.45%	19,431
Substance Abuse Transfer	1,364,181	1,905,522	3.08%	58,659	7,184,034	7,752,322	-6.04%	(468,288)
Sunday Sales Transfer	-	-	-100.00%	-	911,293	920,979	-1.05%	(487,942)
City and County Payments	414,401	313,977	29.51%	94,424	1,318,456	1,273,412	3.05%	(96,653)
<b>Total Other Expense</b>	<b>2,551,471</b>	<b>2,415,823</b>	<b>5.61%</b>	<b>133,647</b>	<b>10,315,645</b>	<b>10,774,219</b>	<b>-4.26%</b>	<b>(1,940,537)</b>
<b>Net Profit</b>	<b>6,678,258</b>	<b>10,210,964</b>	<b>-34.60%</b>	<b>(3,532,706)</b>	<b>113,391,428</b>	<b>105,496,525</b>	<b>7.48%</b>	<b>9,376,866</b>
<b>Return on Sales</b>	<b>21.54%</b>	<b>35.85%</b>	<b>-39.08%</b>	<b>-13.81%</b>	<b>37.09%</b>	<b>36.87%</b>	<b>0.61%</b>	<b>47.99%</b>

# 2019 Legislative Session Final Update

June 25, 2019

The Legislative Session Final Update is a recap of action taken by the 88th General Assembly in 2019 relating to the Alcoholic Beverages Division and Iowa Code Chapter 123. No less than 40 bills, study bills, and resolutions on a wide range of alcohol-related topics related to alcohol policy were introduced during the 2019 legislative session, including Senate File 618, the Alcoholic Beverages Division's technical bill. Ultimately, six bills made it through the legislative process and to the governor's desk.

Many of the bills related to the restoration of rights of certain convicted persons and beverage container control, along with the nine bills listed at the end of this report, have been referred back to committee. These bills may be reassigned in the opening days of the 2020 legislative session for further consideration.

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## 2019 LEGISLATION – Passed

### SENATE FILE 618 – ALCOHOLIC BEVERAGES DIVISION BILL

Senate File 618 concerns alcoholic beverage control and matters under the purview of the Alcoholic Beverages Division of the Department of Commerce. Presented in two divisions, the bill makes technical and policy changes to Iowa's alcohol laws which allow Iowans to conduct business with state government in a more efficient manner and create opportunities for improved commerce, all the while ensuring that the health and safety of Iowans is protected. *Signed by the Governor on May 10, 2019. Division I effective date is July 1, 2019; Division II is effective upon enactment.*

#### Division I – Alcoholic Beverage Control

Makes technical changes to Iowa Code Chapter 123 to eliminate language that is unclear, inaccurate, or redundant; establish wording that accurately reflects the Division's practices; create uniform use of defined terms; and establish a process for obtaining a Wine Direct Shipper Permit/Alcohol Carrier Permit that is consistent with other licenses and permits.

- Amends Iowa Code §123.3 Definitions.
  - Removes the percentage of alcohol by weight measurement from the definitions for "alcoholic liquor", "beer", "high alcoholic content beer", and "wine." The definition for
  - "Wine" is further amended to provide for percentage of alcohol by volume.
  - "Application" is amended by adding certificate.
  - "Licensed premises or premises" is amended by striking areas susceptible of precise description satisfactory to the administrator from what may constitute a single licensed premises.
  - "Person" is amended to include limited liability companies or other similar legal entities.
  - Defines "Completed application."
  - Defines "Mixed drink or cocktail" and "private place." Both terms are currently defined only in the Division's administrative rules.
  - Defines "Native brewery."
- Authorizes the Division to adopt rules for the recovery of operational costs arising from the failure of licensees or permittees to remain in compliance with the law.
- Establishes uniform language in Iowa Code §123.23(4) to describe the types of action that may be taken against a certificate of compliance holder when a violation of Iowa Code chapter 123 or the rules of the Division has occurred. Violations constitute grounds for the imposition of a civil penalty, suspension, or revocation. Conforming changes are made throughout the chapter.



- Clarifies in Iowa Code §123.32 when the local authorities and the Division take action to approve or deny a new or renewal application, based on the type of license, permit, or certificate of compliance.
- Designates that records collected by the Division from licensees or permittees in conjunction with investigations, inspections, and audits (Ex: financial records, invoices, receipts, etc.) are confidential before administrative or criminal charges are filed. The proposed change will assist the regulator and protect the rights of businesses it regulates.
- Clarifies in Iowa Code §123.39 the times when the local authorities and the Division may suspend, revoke, or impose a civil penalty, based on the type of license, permit, or certificate of compliance.
- Requires liquor, wine, and beer manufacturers to share with the Division the records they are required to submit to the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of the Treasury (TTB). This ensures that the Division has the information it needs to validate taxes owed to the state. Reciprocal language for class "A" native distilled spirits license holders was passed in 2017.
- Clarifies when beer and wine gallonage tax is not owed.
- Moves the wine carrier permit from Iowa Code §123.187 to new Iowa Code §123.188. (This permit is obtained by common carriers, such as FedEx and UPS)
- Makes the wine carrier permit renewable.

#### **Division II – Alcoholic Beverage Deliveries**

Makes policy changes to Iowa Code § 123.46A, which pertains to the delivery of alcoholic beverages by retailers, to allow a retailer to deliver alcoholic beverages that have been purchased by a customer to another licensed premises owned by the retailer for the customer to pick up at a later time. The bill also allows orders for deliveries to be accepted online outside the hours of sale.

- Allows a retailer to deliver alcoholic beverages to another licensed premises with identical ownership at a customer's request so that it can be picked up at a later time by the same customer.
- Clarifies that payment is to be received by the licensee or permittee at the time a customer places an order for alcoholic beverages.
- Authorizes a retailer licensee or permittee to accept orders for delivery online between the hours of 2:00 a.m. – 6:00 a.m. Monday through Saturday and on Sunday between the hours of 2:00 a.m. – 8:00 a.m.
- Clarifies that alcoholic beverages that are not picked up by a customer must be returned to the store where the order was placed and fulfilled.

#### **SENATE FILE 230 – TOPPLING GOLIATH**

Senate File 230 allows native brewers and native distilled spirits manufacturers to produce both types of alcoholic beverages and obtain the associated retail licenses/permits. The bill also allows native brewers and native wine manufacturers to produce both types of alcoholic beverages and obtain the associated retail licenses/permits. *Signed by the Governor on May 21, 2019. Effective July 1, 2019.*

#### **SENATE FILE 323 – CANNED COCKTAILS**

Senate File 323 creates a new category of lower proof alcoholic beverages – canned cocktails – and establishes a new distribution channel for products in this category.

A canned cocktail is defined as a mixed drink or cocktail that is premixed and packaged in a metal can that contains more than 6.25% alcohol by volume (ABV) but not more than 15% ABV (same ABV range as high alcoholic content beer).

Products that fall into the canned cocktail category are treated in the same manner as beer products, meaning they are imported into the state of Iowa by the holders of a brewer's certificate of compliance, distributed by holders of a class "A" beer permit (beer wholesalers), and taxed as beer when sold at wholesale. These products may be manufactured in the state of Iowa by native breweries and brewpubs.

Canned cocktails can be sold by retailers authorized to sell and/or serve beer. Likewise, products in this category may be consumed on licensed premises authorizing the on-premises consumption of beer, unlicensed premises, public places (except a public street or highway), or in a person's home or other private accommodation.

The bill also makes conforming changes to Iowa Code Chapter 123A - Beer Brewers and Wholesalers. *Signed by the Governor on May 10, 2019. Effective upon enactment.*

- Amends Iowa Code §123.3 by adding definitions for "canned cocktail/ and "mixed drink or cocktail" and by amending the existing definition for "alcoholic liquor."
- New Iowa Code §123.126A establishes that all provision of Iowa Code chapter 123 that apply to beer shall also apply to canned cocktails.
- New Iowa Code §123A.13 establishes that all provision of Iowa Code chapter 123A that apply to brewers and wholesalers of beer shall also apply to manufacturers and wholesalers of canned cocktails.

#### **SENATE FILE 589 – EXPUNGEMENT**

Senate File 589 strikes a provision in Iowa Code § 123.46 relating to the expungement of a conviction for public intoxication allowing for the expungement of a local ordinance violation that arose out of the same transaction or occurrence of a conviction under Iowa Code § 123.46. *Signed by the Governor on May 16, 2019. Effective July 1, 2019.*

#### **HOUSE FILE 679 – CODE EDITOR BILL**

House File 679 makes non-substantive changes to Iowa Code Chapter 123. *Signed by the Governor on May 1, 2019. Effective July 1, 2019.*

- Adds and changes language in Iowa Code § 123.38 to reference the estate of a deceased licensee or permittee in this provision describing liquor control licenses, wine permits, or beer permits as personal privileges, but providing for operation of a business under the license or permit of a deceased license or permit holder by an executor or administrator of the estate for a limited period of time.
- Eliminates obsolete language Iowa Code § 123.91 referring to the laws in effect prior to the enactment of 1931 Iowa Acts, chapter 42, section 1, and adds language excepting provisions in which alternative penalties are specified, in this provision establishing the penalties applicable to persons committing second or subsequent offenses.
- Redrafts Iowa Code § 123.99 to articulate the elements of offenses which are punishable as simple misdemeanors.
- Amends Iowa Code § 123.107 by striking the word "But" from language that does not appear to state an exception and updates archaic language and punctuation in this provision relating to the contents of indictments or information charging violations.

#### **HOUSE FILE 668 – TIED HOUSE REFORM**

House File 668 makes substantive changes to Iowa Code § 123.45 related to tied house and the three-tier system. *Signed by the Governor on March 21, 2019. Effective July 1, 2019.*

- Allows a manufacturer or wholesaler to have an interest in a retailer provided the retailer does not sell the manufacturer's or wholesaler's product.
- Creates an exception to allow a person engaged in the business of manufacturing wine that is not native wine to sell that person's wine products at their principal office by obtaining a special class "C" liquor control license and a class "B" wine permit. Another retail licensee or permittee operating at the principal office of a person engaged in the business of manufacturing wine that is not native wine would also be able to sell that person's wine.
- Allows cross-tier ownership through investments provided the majority of investments in a person's portfolio are not in businesses that manufacture, bottle, wholesale, or sell at retail alcoholic beverages.
- Allows for cross-tier employment provided the employee is not an officer, owner, director, or in a position to exercise any control or influence over the types of sales or the purchasing of alcoholic beverages in either position of employment.
- Limits the ability for a native brewery to sell at wholesale no more than 30,000 barrels of beer on an annual basis to retailers authorized to sell beer in Iowa.



**2019 LEGISLATION – No Action Taken**

BILL #	WORKING TITLE	EXPLANATION	COMMITTEE
<a href="#">SF277</a>	A bill for an act relating to manufacturers of alcoholic beverages.	Would allow the holder of a class "A" native distilled spirits license, a class "C" native distilled spirits liquor control license, a class "A" wine permit, a class "C" native wine permit, or a wine direct shipper permit to also hold a manufacturer's license.	State Government
<a href="#">SF310</a>	A bill for an act providing limited immunity from certain criminal offenses and prohibiting certain disciplinary sanctions for persons under twenty-one years of age who report, seek, or require emergency assistance for alcohol overdoses or protection from certain crimes, and modifying penalties.	Persons under 21 would not be charged or prosecuted for public intoxication, possession of alcohol under the legal age, use of a driver's license by an underage person to obtain alcohol, or possession of an open container in a motor vehicle, if the person in good faith sought emergency assistance for the person or another person due to an alcohol overdose or because the person or other person is a victim of assault, sexual abuse, or human trafficking.	Judiciary
<a href="#">SF469</a>	A bill for an act relating to marijuana, including the manufacture, delivery, and possession of marijuana, and the licensure of retail marijuana, providing fees, including excise taxes, establishing a trust fund, and including penalties.	Legalizes recreational marijuana in the state of Iowa and charges ABD with the licensure and regulation of the industry.	Judiciary
<a href="#">SF496</a>	A bill for an act providing for appropriations from the beer and liquor control fund to the Iowa department of public health for substance abuse treatment and prevention programs.	Any money left over from what ABD needs to purchase liquor or to remit to local authorities would be transferred from the Liquor Control Trust Fund to the General Fund and then to IDPH for substance abuse programs.	Appropriations
<a href="#">HSB58</a>	A bill for an act concerning the authority of a native wine manufacturer to sell native wine for on-premises consumption.	Would allow a native winery to hold up to two class "C" native wine permits not connected to the manufacturing facility.	State Government
<a href="#">HSB148</a>	A bill for an act concerning the sale of alcoholic liquor by native wineries.	Would allow a native winery holding a class "C" native wine permit to purchase alcoholic liquor from a class "E" liquor control licensee for sale at retail.	State Government
<a href="#">HF401</a>	A bill for an act relating to manufacturers of alcoholic beverages.	Would allow the holder of a class "A" native distilled spirits license, a class "C" native distilled spirits liquor control license, a class "A" wine permit, a class "C" native wine permit, or a wine direct shipper permit to also hold a manufacturer's license.	Commerce
<a href="#">HF519</a>	A bill for an act providing for an increase in the barrel tax on beer, and making appropriations.	Would increase in the barrel tax on beer from \$5.89 per barrel to \$22.63 per barrel, and appropriate a portion of the revenue derived from the barrel tax for substance abuse and prevention programs.	Commerce
<a href="#">HF572</a>	A bill for an act authorizing manufacturers of beer in this state to sell beer to retail beer permit and liquor control license holders.	Would allow brewpubs to self-distribute up to 100 barrels of beer they manufacture per year.	Commerce



## MEMORANDUM

**To:** The Iowa Alcoholic Beverages Commission  
**From:** Nicole Scebold, Products Manager  
**Date:** June 17, 2019  
**Re:** Listing Appeal – Heroes Vodka – Statement of Case

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On April 17, 2019, RS Lipman Company LLC (Supplier) submitted a listing request to the Iowa Alcoholic Beverages Division (ABD) for Heroes Vodka (Attachment A). The product is an 80-proof American Vodka. The listing request was for 750mL and 1.75L sizes with a wholesale price of \$9.99/bottle and \$15.00/bottle, respectively.

On April 22, 2019, ABD Products Manager Nicole Scebold sent a letter to the Supplier denying the listing request (Attachment B). The reason for denial was oversaturation of the product category, size, and price point, with a negative overall category trend for American Vodka.

On April 30, 2019, the Supplier appealed the listing denial to ABD Administrator Stephen Larson (Attachment C). On May 13, 2019, the Administrator's designee, Stephanie Strauss, sent a letter to the Supplier affirming Ms. Scebold's denial of the listing request (Attachment D).

Also on May 13, 2019, Ms. Scebold held a conference call with the Supplier to inform them that Heroes Vodka could be listed as a 90-day temporary item or could be used to fulfill special orders from class "E" licensees. On May 14, 2019, the Supplier entered Heroes Vodka for a 90-day temporary listing (Attachment E). On May 16, 2019, Ms. Scebold sent a letter to the Supplier approving the temporary listing request (Attachment F).

On May 20, 2019, the Supplier appealed the Administrator's denial of the permanent listing (Attachment G).

Pursuant to the ABD listing manual, this matter now comes before the Commission to determine, at its discretion, whether to hear the Supplier's appeal. If the Commission chooses to hear the appeal, it will be heard at the next scheduled Commission meeting or in a special meeting called by the Commission Chair, the Administrator, or at least three members of the Commission. If the Commission chooses not to hear the appeal, the Administrator's decision is affirmed and no further action may be taken by the Supplier.



Products

## Product Quote Details

[back to quotes](#)

Quote #11633

Quote Type: New Product

Status: Rejected

Date submitted: 04/17/2019

\* Date effective: 06/01/2019

\* NABCA code: 36354

Line extension: ☐

\*\* Code extended:

Submitted by: Lindsey Sharpe

Vendor name: RS Lipman Company LLC

\* Product name: Heroes Vodka

\* Verbose description:

*This should describe the product to the customers.*

Heroes Vodka was first bottled on Veteran's Day, 11.11.11, a date that occurs only once every century and epitomizes the rarity of this event. As the "Official Spirit of a Grateful Nation," the mission of Heroes Vodka is to deliver exceptional taste and superior value to consumers while honoring Veterans and other American service organizations through charitable contributions.

\* Listing type: Permanent

\* Availability: Unlimited

\*\* Allocated cases: 0

\* Lead Time: 10 (Business Days)

\* Category: American Vodka

\*\* Class:

\* Origin: Domestic

Age: 0

\* Proof: 80

\* Primary ship point (city): Frankfort

\* Primary ship point (state): Kentucky

\* FOB point: Ankeny

\* Bottle size: 750

\*\* Bottle size (other):

\* Pack/case size: 12

*Note: Minis are "sleeves" per case and not individual bottles*\* Bottles per primary: ☐ Yes ☒ No*More than 1 bottle per primary?*

\*\* Quantity per primary: 1

\* Bottle deposit: Yes

\*\* Deposit located: Product label

\* UPC code: 088004010690

*12 or 13 digits*

\* SCC code: 10088004010697

*14 digits*

\* Cases per pallet: 70

\* Cases per layer: 5

\* Case Weight (lbs): 30.90

\* Case Length (inches): 13.10

\* Case Width (inches): 9.88



* Case Height (Inches):	11.90
* Pallet Weight (lbs):	2193.00
* Pallet Length (inches):	48.00
* Pallet Width (Inches):	40.00
* Pallet Height (inches):	66.00 (Measured from the floor)
* Bottle Length (inches):	3.10
* Bottle Width (Inches):	3.10
* Bottle Height (inches):	11.38
* Wholesale Current Cost per case (\$):	79.92
<i>Supplier FOB cost</i>	
Calculated Wholesale cost per selling unit (\$):	6.66
Wholesale price per selling unit (\$):	9.99

Images:



36354.2.jpg

Iowa Marketing (Total \$ Annually):	3,000.00
National Marketing (Total \$ Annually):	30,000.00
Iowa Samples (Total \$ Annually):	2,000.00
TPR/Quantity Discount Plans (Total \$ Annually):	
National Account Commitments (Total Cases Annually):	300
Iowa Broker:	Johnson Brothers
Is this a brand new product that has never been sold or distributed?:	<input checked="" type="radio"/> Yes <input type="radio"/> No
** 1st Year Case Goal:	400

6/14/2019

Product Quotation Submissions: Iowa ABD

<b>** Initial Distribution:</b>	47
<b>Special Order Dollar Sales:</b>	0
For advertising information in Iowa Spirits magazine Steve Beyer, President LeisureMedia360 847-532-4044 cell sbeyer@leisuremedia360.com	
<b>* Status:</b>	Rejected ▼
<b>Note:</b>	<div></div>
<b>Visibility</b> <small>Note visible to vendors?</small>	<input type="radio"/> Visible <input checked="" type="radio"/> Hidden
	<div>Submit</div>
	<div>Back</div>

\* - Required  
\*\* - Conditional

Notes

<b>Lindsey Sharpe:</b> <i>visible - 04/17/2019 10:10am</i>	POD's from the Walmart buyer can be provided upon request.
<b>Nicole Scebold:</b> <i>visible - 04/22/2019 12:07pm</i>	Does not meet listing criteria. <a href="#">edit</a>

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## Product Quote Details

[back to quotes](#)

Quote #11635  
 Quote Type: New Product  
 Status: Rejected

Date submitted:	04/17/2019
* Date effective:	06/01/2019
* NABCA code:	36356
Line extension:	<input checked="" type="checkbox"/>
** Code extended:	36354
Submitted by:	Lindsey Sharpe
Vendor name:	RS Lipman Company LLC
* Product name:	Heroes Vodka
* Verbose description:	Heroes Vodka was first bottled on Veteran's Day, 11.11.11, a date that occurs only once every century and epitomizes the rarity of this event. As the "Official Spirit of a Grateful Nation," the mission of Heroes Vodka is to deliver exceptional taste and superior value to consumers while honoring Veterans and other American service organizations through charitable contributions.
	<i>This should describe the product to the customers.</i>
* Listing type:	Permanent
* Availability:	Unlimited
** Allocated cases:	0
* Lead Time:	10 (Business Days)
* Category:	American Vodka
** Class:	
* Origin:	Domestic
Age:	0
* Proof:	80
* Primary ship point (city):	Frankfort
* Primary ship point (state):	Kentucky
* FOB point:	Ankeny
* Bottle size:	1750
** Bottle size (other):	
* Pack/case size:	6
	<i>Note: Minis are "sleeves" per case and not individual bottles</i>
* Bottles per primary:	<input type="radio"/> Yes <input checked="" type="radio"/> No
	<i>More than 1 bottle per primary?</i>
** Quantity per primary:	1
* Bottle deposit:	Yes
** Deposit located:	Product label
* UPC code:	088004024642
	<i>12 or 13 digits</i>
* SCC code:	10088004024649
	<i>14 digits</i>
* Cases per pallet:	75
* Cases per layer:	15
* Case Weight (lbs):	24.90
* Case Length (inches):	14.25
* Case Width (inches):	10.00

\* Case Height (inches): 13.00

\* Pallet Weight (lbs): 1897.50

\* Pallet Length (inches): 48.00

\* Pallet Width (inches): 40.00

\* Pallet Height (Inches): 70.00 (Measured from the floor)

\* Bottle Length (inches): 4.43

\* Bottle Width (inches): 4.43

\* Bottle Height (Inches): 12.33

\* Wholesale Current Cost per case (\$): 60.00

Supplier FOB cost

Calculated Wholesale cost per selling unit (\$): 10.00

Wholesale price per selling unit (\$): 15.00

Images:



36356.1.png

Iowa Marketing (Total \$ Annually): 3,000.00

National Marketing (Total \$ Annually): 30,000.00

Iowa Samples (Total \$ Annually): 2,000.00

TPR/Quantity Discount Plans (Total \$ Annually):

National Account Commitments (Total Cases Annually): 600

Iowa Broker: Johnson Brothers

Is this a brand new product that has never been sold or distributed?: ☒ Yes ☐ No

\*\* 1st Year Case Goal: 700

\*\* Initial Distribution: 57

Special Order Dollar Sales: 0

For advertising information in Iowa Spirits magazine

Steve Beyer, President

LeisureMedia360

847-532-4044 cell

sbeyer@leisuremedia360.com

\* Status: Rejected ▼

Note:

6/11/2019

Product Quotation Submissions: Iowa ABD

<b>Visibility</b> <input type="radio"/> Visible <input checked="" type="radio"/> Hidden		
Note visible to vendors?		
		<input type="button" value="Submit"/>
		<input type="button" value="Back"/>

\* = Required  
\*\* = Conditional

#### Notes

<b>Lindsey Sharpe:</b> <i>visible - 04/17/2019 10:23am</i>	POD's from Walmart buyer can be provided upon request.
<b>Nicole Scebold:</b> <i>visible - 04/22/2019 12:06pm</i>	Does not meet listing criteria. <a href="#">edit</a>

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ALCOHOLIC  
BEVERAGES  
DIVISION  
State of Iowa

**Attachment B**

Kim Reynolds *Governor of Iowa*  
Adam Gregg *Lieutenant Governor*  
Stephen Larson *Administrator*

April 22, 2019

Lindsey Sharpe  
RS Lipman  
Via Email

Dear Ms. Sharpe,

On behalf of the Iowa Alcoholic Beverages Division, I regret to inform you that the following products will not be listed in Iowa at this time. These products can be ordered and fulfilled through the special order program.

CODE	DESCRIPTION	SIZE
36354	Heroes Vodka	0.750
36356	Heroes Vodka	1.750

If you have any further questions on the products above, please contact me at [Scebold@IowaABD.com](mailto:Scebold@IowaABD.com).

Sincerely,

Nicole Scebold  
Products Manager  
[Scebold@IowaABD.com](mailto:Scebold@IowaABD.com)

CC: Scott Oeltjenbruns  
Stephen Larson, Administrator, ABD  
Herb Sutton, Manager-Business Operations, ABD  
Jodi Christensen, Product Management, ABD



Scebold, Nicole &lt;scebold@iowaabd.com&gt;

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## Heroes Vodka - ABD Product Listing - Request for Appeal

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Lindsey Sharpe &lt;l.sharpe@rslipman.com&gt;

Tue, Apr 30, 2019 at 11:43 AM

To: "larson@iowaabd.com" &lt;larson@iowaabd.com&gt;

Cc: "Scott Oeltjenbruns" &lt;soeltjenbruns@johnsonbrothers.com&gt;, Herb Sutton &lt;sutton@iowaabd.com&gt;, "Christensen, Jodi [ABD]" &lt;christensen@iowaabd.com&gt;, Scott Halliburton &lt;ScottH@5gsales.com&gt;, Scott Gstell &lt;s.gstell@rslipman.com&gt;, "Scebold, Nicole" &lt;scebold@iowaabd.com&gt;

Mr. Larson,

Please accept our appeal for permanent listing for Heroes Vodka 750ml & 1.75L.

Walmart is bringing in Heroes Vodka for their June resets. Initially, when we submitted the new product quotes in the portal, we had limited information and took a conservative approach with our annual projected case sales. Since then, we have received pertinent sales information from the Walmart buyer. Not only will the 750ml's be sold in (47) POD's and 1.75L's be sold in (57) POD's but Heroes will be also be listed in the circular and has received placement in the Patriotic Spirits Program that will run from 06.28.19 thru 07.13.19. In addition, Heroes is also in the running for their Made in the USA program which will provide additional exposure and shelf presence.

We would like to increase our initial annual projected 1<sup>st</sup> Year Case Goal from (300) for the 750ml's to (1,200). We would also like to increase our annual projected 1<sup>st</sup> Year Case Goal from (700) for the 1.75L's to (3,000).

I have also attached an email from Catherine Johnson, the Senior Buyer of Adult Beverage Spirits for Walmart requesting permanent listing.

If there is any additional information that we can provide to assist with this appeal, please let us know.

Thank you,

Lindsey Sharpe

R.S. Lipman Company

Sales & Compliance Coordinator

Direct Line: 615-695-5331



**From:** Catherine Johnson <[Catherine.G.Johnson@walmart.com](mailto:Catherine.G.Johnson@walmart.com)>  
**Sent:** Wednesday, April 24, 2019 11:27 AM  
**To:** Scott Halliburton <[ScottH@5GSales.com](mailto:ScottH@5GSales.com)>  
**Subject:** RE: ABD Product Listing

We are very excited to launch the Heroes Vodka items in our stores across the country. Walmart has been investing in American jobs and proudly supports Veteran owned companies. We strongly believe that our customers will love this items.

In regards to placement in Iowa, effective on June 3, we will have the Heroes Vodka 1.75L in 57 stores and the Heroes Vodka 750ml in 47 stores. We have predominant placement within our sets for this brand and looking forward to introducing it to our Iowa customers.

In regards to replenishment, we prefer the products to have permanent placement with the state of Iowa. Our stores receive up to two deliveries per week and the permanent placement allows the orders to be filled on time and prevent out of stocks for our customers. Under the special order program, the state has a minimum case requirement before they will place the order and then the lead time to receive the product is also added to the timeline. We have experienced anywhere from 2 weeks up to 3 months before we can hit the case requirement and have the orders filled. This process unfortunately leads to out of stocks in our stores and disappointed customers, especially on a higher volume item such as base vodka.

Please keep me updated on the decision with the State of Iowa.


Thanks,

**Catherine Johnson** Senior Buyer Adult Beverage Spirits  
Office 479-273-8209

[Catherine.g.johnson@walmart.com](mailto:Catherine.g.johnson@walmart.com)

Walmart  
**Save money. Live better.**

---

 **noname.eml**  
16K



ALCOHOLIC  
BEVERAGES  
DIVISION  
State of Iowa

Attachment D

Kim Reynolds *Governor of Iowa*  
Adam Gregg *Lieutenant Governor*

Stephen Larson *Administrator*

May 13, 2019

Lindsey Sharpe  
RS Lipman  
Via Email

Dear Ms. Sharpe:

This letter is in response to your April 22, 2019 request to the Administrator for further review of the Iowa Alcoholic Beverages Division's decision to deny your request for permanent listing for the following products:

CODE	DESCRIPTION	SIZE
36354	Heroes Vodka	0.750
36356	Heroes Vodka	1.750

On May 1, 2019, the Administrator granted your request for review. After reviewing all of the information provided, these products fail to meet listing criteria for the American Vodka category. It was determined that the category and price point is saturated with a negative overall category trend for the 750ml and 1.75L sizes that were presented. Therefore, the April 22, 2019 denial is affirmed.

The Administrator's decision may be appealed to the Alcoholic Beverages Commission. Your request for appeal to the Commission must be received in writing within 30 days of receiving this letter. The Commission has the discretion to grant or deny requests for appeal.

If you have any further questions on the products above, please contact me at [Strauss@IowaABD.com](mailto:Strauss@IowaABD.com).

Sincerely,

Stephanie Strauss  
Governmental Relations/Public Affairs  
[Strauss@IowaABD.com](mailto:Strauss@IowaABD.com)

CC: Scott Oeltjenbruns  
Stephen Larson, Administrator, ABD  
Herb Sutton, Manager-Business Operations, ABD  
Jodi Christensen, Product Management, ABD  
Nicole Scebold, Products Manager, ABD



Products

## Product Quote Details

[back to quotes](#)

Quote #11796

Quote Type: New Product

Status: Approved

Date submitted:	05/14/2019
* Date effective:	07/01/2019
* NABCA code:	36354
Line extension:	<input type="checkbox"/>
** Code extended:	
Submitted by:	Lindsey Sharpe
Vendor name:	RS Lipman Company LLC
* Product name:	Heroes Vodka
* Verbose description:	Heroes Vodka was first bottled on Veteran's Day, 11.11.11, a date that occurs only once every century and epitomizes the rarity of this event. As the "Official Spirit of a Grateful Nation," the mission of Heroes Vodka is to deliver exceptional taste and superior value to consumers honoring Veterans and other American service organizations through charitable contributions.
* Listing type:	Temporary
* Availability:	Unlimited
** Allocated cases:	0
* Lead Time:	10 (Business Days)
* Category:	American Vodka
** Class:	
* Origin:	Domestic
Age:	0
* Proof:	80
* Primary ship point (city):	Frankfort
* Primary ship point (state):	Kentucky
* FOB point:	Ankeny
* Bottle size:	750
** Bottle size (other):	
* Pack/case size:	12
Note: Minis are "sleeves" per case and not individual bottles	
* Bottles per primary:	<input type="radio"/> Yes <input checked="" type="radio"/> No
More than 1 bottle per primary?	
** Quantity per primary:	1
* Bottle deposit:	Yes
** Deposit located:	Product label
* UPC code:	088004010690
12 or 13 digits	
* SCC code:	10088004010697
14 digits	
* Cases per pallet:	70
* Cases per layer:	5
* Case Weight (lbs):	30.90
* Case Length (inches):	13.10
* Case Width (inches):	9.88

* Case Height (inches):	11.90
* Pallet Weight (lbs):	2193.00
* Pallet Length (inches):	48.00
* Pallet Width (inches):	40.00
* Pallet Height (Inches):	66.00 (Measured from the floor)
* Bottle Length (inches):	3.10
* Bottle Width (inches):	3.10
* Bottle Height (inches):	11.38
* Wholesale Current Cost per case (\$):	79.92
Supplier FOB cost	
Calculated Wholesale cost per selling unit (\$):	6.66
Wholesale price per selling unit (\$):	9.99

Images:



36354.2.jpg

Iowa Marketing (Total \$ Annually):	3,000.00
National Marketing (Total \$ Annually):	30,000.00
Iowa Samples (Total \$ Annually):	2,000.00
TPR/Quantity Discount Plans (Total \$ Annually):	
National Account Commitments (Total Cases Annually):	300
Iowa Broker:	Johnson Brothers
Is this a brand new product that has never been sold or distributed?:	<input checked="" type="radio"/> Yes <input type="radio"/> No
** 1st Year Case Goal:	1200



6/14/2019

Product Quotation Submissions: Iowa ABD

\*\* Initial Distribution: 47

Special Order Dollar Sales: 0

For advertising information in Iowa Spirits magazine  
Steve Beyer, President  
LeisureMedia360  
847-532-4044 cell  
sbeyer@leisuremedia360.com

\* Status: approved

Note:

Visibility ☐ Visible ☒ Hidden  
Note visible to vendors?

Submit

Back

\* = Required  
\*\* = Conditional

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Products

## Product Quote Details

[back to quotes](#)

Quote #11797  
 Quote Type: New Product  
 Status: Approved

Date submitted:	05/14/2019
* Date effective:	07/01/2019
* NABCA code:	36356
Line extension:	<input type="checkbox"/>
** Code extended:	
Submitted by:	Lindsey Sharpe
Vendor name:	RS Lipman Company LLC
* Product name:	Heroes Vodka
* Verbose description:	Heroes Vodka was first bottled on Veteran's Day, 11.11.11, a date that occurs only once every century and epitomizes the rarity of this event. As the "Official Spirit of a Grateful Nation," the mission of Heroes Vodka is to deliver exceptional taste and superior value to consumers honoring Veterans and other American service organizations through charitable contributions.
* Listing type:	Temporary
* Availability:	Unlimited
** Allocated cases:	0
* Lead Time:	10 (Business Days)
* Category:	American Vodka
** Class:	Temporary & Specialty Packages
* Origin:	Domestic
Age:	0
* Proof:	80
* Primary ship point (city):	Frankfort
* Primary ship point (state):	Kentucky
* FOB point:	Ankeny
* Bottle size:	1750
** Bottle size (other):	
* Pack/case size:	6
Note: Minis are "sleeves" per case and not individual bottles	
* Bottles per primary:	<input type="radio"/> Yes <input checked="" type="radio"/> No
More than 1 bottle per primary?	
** Quantity per primary:	1
* Bottle deposit:	Yes
** Deposit located:	Product label
* UPC code:	088004024642
12 or 13 digits	
* SCC code:	10088004024649
14 digits	
* Cases per pallet:	75
* Cases per layer:	15
* Case Weight (lbs):	24.90
* Case Length (inches):	14.25
* Case Width (inches):	10.00

* Case Height (inches):	13.00
* Pallet Weight (lbs):	1897.50
* Pallet Length (inches):	48.00
* Pallet Width (inches):	40.00
* Pallet Height (inches):	70.00 (Measured from the floor)
* Bottle Length (inches):	4.43
* Bottle Width (inches):	4.43
* Bottle Height (inches):	12.33
* Wholesale Current Cost per case (\$):	60.00
Supplier FOB cost	
Calculated Wholesale cost per selling unit (\$):	10.00
Wholesale price per selling unit (\$):	15.00

Images:



36356.1.png

Iowa Marketing (Total \$ Annually):	3,000.00
National Marketing (Total \$ Annually):	30,000.00
Iowa Samples (Total \$ Annually):	2,000.00
TPR/Quantity Discount Plans (Total \$ Annually):	
National Account Commitments (Total Cases Annually):	600
Iowa Broker:	Johnson Brothers
Is this a brand new product that has never been sold or distributed?:	<input checked="" type="radio"/> Yes <input type="radio"/> No
** 1st Year Case Goal:	3000
** Initial Distribution:	57
Special Order Dollar Sales:	0
For advertising information in Iowa Spirits magazine	
Steve Beyer, President	
LeisureMedia360	
847-532-4044 cell	
sbeyer@leisuremedia360.com	

\* Status: approved

Note:

6/11/2019

Product Quotation Submissions: Iowa ABD

Visibility ☐ Visible ☒ Hidden  
Note visible to vendors?

Submit

Back

\* = Required  
\*\* = Conditional

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ALCOHOLIC  
BEVERAGES  
DIVISION  
State of Iowa

**Attachment F**

Kim Reynolds *Governor of Iowa*  
Adam Gregg *Lieutenant Governor*  
Stephen Larson *Administrator*

May 16, 2019

Lindsey Sharpe  
RS Lipman  
Via Email

Dear Ms. Sharpe,

On behalf of the Iowa Alcoholic Beverages Division, I am pleased to inform you that the following products have been listed in Iowa effective July 1, 2019.

CODE	DESCRIPTION	SIZE	PACK	WHOLESALE BOTTLE PRICE	MAXIMUM INVENTORY
36354	Heroes Vodka (90day TEMP)	0.750	12	\$9.99	140 cases
36356	Heroes Vodka (90day TEMP)	1.750	6	\$15.00	150 cases

Please submit a purchase order in the vendor portal for approval and to arrange a delivery appointment. All products shipped in should include a case code label and the Iowa deposit refund displayed on each bottle. Please view the [ABD Listing Manual](#) for more information.

If you have any further questions on the products above, please contact me at [Scebold@IowaABD.com](mailto:Scebold@IowaABD.com).

Sincerely,

Nicole Scebold  
Products Manager  
[Scebold@IowaABD.com](mailto:Scebold@IowaABD.com)

CC: Scott Oeltjenbruns  
Stephen Larson, Administrator, ABD  
Herb Sutton, Manager-Business Operations, ABD  
Jodi Christensen, Product Management, ABD



Scebold, Nicole &lt;scebold@iowaabd.com&gt;

---

**ABD Product Listing**

---

**Lindsey Sharpe** <l.sharpe@rslipman.com>

Mon, May 20, 2019 at 10:46 AM

To: "Scebold, Nicole" &lt;scebold@iowaabd.com&gt;, "Strauss, Stephanie" &lt;strauss@iowaabd.com&gt;

Cc: Scott Oeltjenbruns &lt;soeltjenbruns@johnsonbrothers.com&gt;, "Larson, Steve" &lt;larson@iowaabd.com&gt;, Herb Sutton &lt;sutton@iowaabd.com&gt;, "Christensen, Jodi [ABD]" &lt;christensen@iowaabd.com&gt;, Scott Gstell &lt;s.gstell@rslipman.com&gt;

Hi Nicole,

Thank you for sending us the 90-day temporary approval letter.

The Walmart buyer has requested that we proceed with filing an appeal with the Alcoholic Beverages Commission. Please accept this email as our written notice to initiate the process and let us know if there is anything else we need to do or provide to proceed.

Thank you,

Lindsey Sharpe

R.S. Lipman Company

*Sales & Compliance Coordinator*

Direct Line: 615-695-5331

**R.S. LIPMAN COMPANY****From:** Scebold, Nicole <scebold@iowaabd.com>**Sent:** Thursday, May 16, 2019 4:26 PM**To:** Lindsey Sharpe <l.sharpe@rslipman.com>

[Quoted text hidden]

[Quoted text hidden]



## MEMORANDUM

**To:** The Iowa Alcoholic Beverages Commission  
**From:** Nicole Scebold, Products Manager  
**Date:** June 17, 2019  
**Re:** Listing Appeal – SLRRRP – Statement of Case

---

On March 18, 2019, Slurp LLC (Supplier) submitted a permanent listing request to the Iowa Alcoholic Beverages Division (ABD) for SLRRRP (Attachment A). The product is a 50mL pre-packaged gelatin shot infused with flavored vodka. The listing request was for a 20-pack tub with a wholesale price of \$16.01. On March 19, 2019, the Supplier submitted a second listing request to ABD for a 3-pack of SLRRRP with a wholesale price of \$3.08 (Attachment B).

On March 20, 2019, ABD Products Manager Nicole Scebold sent a letter to the Supplier denying the listing requests (Attachment C). The reason for denial was that the product and its packaging did not meet ABD's social responsibility guidelines as outlined in the ABD listing manual.

On April 5, 2019, the Supplier appealed the listing denials to ABD Administrator Stephen Larson (Attachment D). On May 17, 2019, the Administrator's designee, Stephanie Strauss, sent a letter to the Supplier affirming Ms. Scebold's denial of the listing requests (Attachment E).

On May 28, 2019, the Supplier appealed the Administrator's denial of the listing requests (Attachment F).

Pursuant to the ABD listing manual, this matter now comes before the Commission to determine, at its discretion, whether to hear the Supplier's appeal. If the Commission chooses to hear the appeal, it will be heard at the next scheduled Commission meeting or in a special meeting called by the Commission Chair, the Administrator, or at least three members of the Commission. If the Commission chooses not to hear the appeal, the Administrator's decision is affirmed and no further action may be taken by the Supplier.



## Product Quote Details

[back to quotes](#)

Quote #11494  
 Quote Type: New Product  
 Status: Rejected

Date submitted: 03/18/2019

\* Date effective: 05/01/2019

\* NABCA code: 100758

Line extension: ☐

\*\* Code extended:

Submitted by: Edward Farley

Vendor name: Skurp LLC

\* Product name: SLRRRP

\* Verbose description: 50ml Flavored Vodka packaged in a jar/tub of 20 (1 liter item available to purchase)  
*This should describe the product to the customers.* Vegan/Fat Free 13% alcohol by volume Packaged 20 shots per tub, 6 tubs per case

\* Listing type: Permanent

\* Availability: Unlimited

\*\* Allocated cases: 0

\* Lead Time: 7 (Business Days)

\* Category: Imported Distilled Spirits Specialty

\*\* Class:

\* Origin: Import

Age: 0

\* Proof: 26

\* Primary ship point (city): Long Beach

\* Primary ship point (state): California

\* FOB point: Ankeny

\* Bottle size: 50

\*\* Bottle size (other):

\* Pack/case size: 6

*Note: Minis are "sleeves" per case and not individual bottles*

\* Bottles per primary: ☒ Yes ☐ No  
*More than 1 bottle per primary?*

\*\* Quantity per primary: 20

\* Bottle deposit: No

\*\* Deposit located: Mini-Exempt

\* UPC code: 0796752228518

12 or 13 digits

\* SCC code: 10796752229192

14 digits

\* Cases per pallet: 80

\* Cases per layer: 10

\* Case Weight (lbs): 17.00

\* Case Length (inches): 17.50

\* Case Width (inches): 11.50

\* Case Height (inches): 8.75

\* Pallet Weight (lbs): 1360.00



\* Pallet Length (Inches): 40.00  
 \* Pallet Width (Inches): 40.00  
 \* Pallet Height (Inches): 76.00 (Measured from the floor)  
 \* Bottle Length (Inches): 5.25  
 \* Bottle Width (Inches): 5.25  
 \* Bottle Height (Inches): 8.00

\* Wholesale Current Cost per case (\$): 64.02  
 Supplier FOB cost

Calculated Wholesale cost per selling unit (\$): 10.67

Wholesale price per selling unit (\$): 16.01

## Images:



## SLRRRP Retail Case

- \* Case comes with built in display
- \* Neatly Stack and Sell
- \* 2 cases or six 2pk's = 42" Height
- \* 5 1/2" x 12" Footprint
- \* Small retail display can fit anywhere



SLRRRP

100758.2.jpg



100758.3.png

Iowa Marketing (Total \$ Annually): 35,000.00

National Marketing (Total \$ Annually): 500,000.00

Iowa Samples (Total \$ Annually): 500.00

TPR/Quantity Discount Plans (Total \$ Annually):

National Account Commitments (Total Cases Annually): 4500

Iowa Broker: Johnson Brothers

Is this a brand new product that has never been sold or distributed?: ☐ Yes ☒ No

Control:

-AL:

-ME:

-MI:

-MT:

-ID:

-MD:

-MS:

-NH:

6/11/2019

Product Quotation Submissions: Iowa ABD

-NC: -OH: 1  
-OR: 1 -PA: 1  
-UT: -VT:  
-VA: -WV:  
-WY:

**Bordering:** -IL: -KS: 1  
-MN: 1 -MO: 1  
-NE: -MS:  
-WI: 1

**\*\* 1st Year Case Goal:** 3000

**\*\* Initial Distribution:** 250

**Special Order Dollar Sales:** 0

For advertising information in Iowa Spirits magazine  
Steve Beyer, President  
LeisureMedia360  
847-532-4044 cell  
sbeyer@leisuremedia360.com

**Status:** Rejected ▼

**Note:**

**Visibility:** ☒ Visible ☐ Hidden  
*Note visible to vendors?*

Submit

Back

\* = Required  
\*\* = Confidential

Notes

**Nicole Schoold:** Does not meet social responsibility guidelines.  
visible - 03/20/2019 11:11am edit

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6X

DISTILLED  
VODKA

not for kids



SLRRP

20

PACK

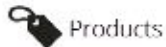


alcohol infused gelatin



five  
flavors

Vodka with Artificial Flavors  
and Certified Color added.  
Alc. 17% by Vol. 35% Alc.



## Product Quote Details

[back to quotes](#)

Quote #11500  
 Quote Type: New Product  
 Status: Rejected

Date submitted:	03/19/2019
* Date effective:	05/01/2019
* NABCA code:	100757
Line extension:	<input type="checkbox"/>
** Code extended:	
Submitted by:	Edward Farley
Vendor name:	Skurp LLC
* Product name:	SLRRRP (3-50ml Stacked)
* Verbose description:	Packaged 50ml flavored Vodka. 3 In a pack/tube 13% alcohol by volume Vegan/Fat F
<i>This should describe the product to the customers.</i>	
* Listing type:	Permanent
* Availability:	Unlimited
** Allocated cases:	0
* Lead Time:	7 (Business Days)
* Category:	Imported Distilled Spirits Specialty
** Class:	Temporary & Specialty Packages
* Origin:	Import
Age:	0
* Proof:	26
* Primary ship point (city):	Long Beach
* Primary ship point (state):	California
* FOB point:	Ankeny
* Bottle size:	50
** Bottle size (other):	
* Pack/case size:	40
<i>Note: Minis are "sleeves" per case and not individual bottles</i>	
* Bottles per primary:	<input checked="" type="radio"/> Yes <input type="radio"/> No
<i>More than 1 bottle per primary?</i>	
** Quantity per primary:	3
* Bottle deposit:	No
** Deposit located:	Mini-Exempt
* UPC code:	860046001429
<i>12 or 13 digits</i>	
* SCC code:	10860046001426
<i>14 digits</i>	
* Cases per pallet:	90
* Cases per layer:	10
* Case Weight (lbs):	16.40
* Case Length (inches):	19.25
* Case Width (inches):	12.35
* Case Height (inches):	7.00
* Pallet Weight (lbs):	1476.00



\* Pallet Length (inches): 48.00  
 \* Pallet Width (inches): 40.00  
 \* Pallet Height (inches): 68.00 (Measured from the floor)  
 \* Bottle Length (inches): 6.00  
 \* Bottle Width (inches): 2.25  
 \* Bottle Height (inches): 6.00

\* Wholesale Current Cost per case (\$): 82.00  
 Supplier FOB cost

Calculated Wholesale cost per selling unit (\$): 2.05

Wholesale price per selling unit (\$): 3.08

Images:



100757.1.jpg



100757.2.png

Iowa Marketing (Total \$ Annually): 35,000.00

National Marketing (Total \$ Annually): 250,000.00

Iowa Samples (Total \$ Annually): 500.00

TPR/Quantity Discount Plans (Total \$ Annually):

National Account Commitments (Total Cases Annually):

Iowa Broker: Johnson Brothers

Is this a brand new product that has never been sold or distributed?: ☒ Yes ☐ No

**\*\* 1st Year Case Goal:** 1000**\*\* Initial Distribution:** 250**Special Order Dollar Sales:** 0

For advertising information in Iowa Spirits magazine  
Steve Beyer, President  
LeisureMedia360  
847-532-4044 cell  
sbeyer@leisuremedia360.com

**\* Status:** Rejected ▼**Note:****Visibility** ☐ Visible ☒ Hidden

Note visible to vendors?

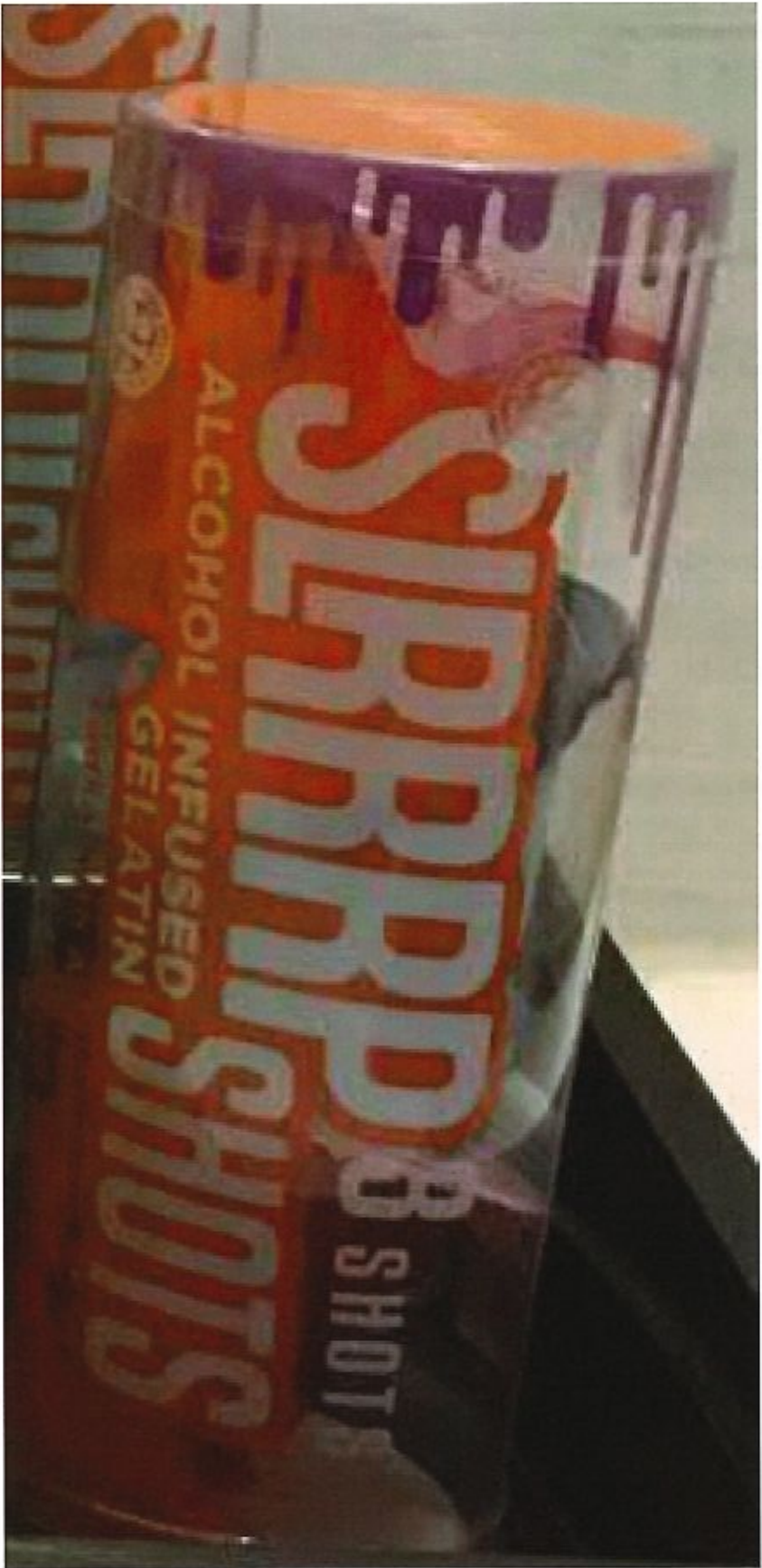
Submit

Back

\* = Required  
\*\* = Conditional

## Notes

**Nicole Scebold:** Does not meet social responsibility guidelines.  
visible - 03/20/2019 11:10am [edit](#)





ALCOHOLIC  
BEVERAGES  
DIVISION  
State of Iowa

**Attachment C**

Kim Reynolds *Governor of Iowa*  
Adam Gregg *Lieutenant Governor*  
Stephen Larson *Administrator*

March 20, 2019

Edward Farley  
Slurp LLC  
Via Email

Dear Mr. Farley,

On behalf of the Iowa Alcoholic Beverages Division, I regret to inform you that the following products will not be listed in Iowa at this time.

CODE	DESCRIPTION	SIZE
100757	Slrrrp (3-50ml Stacked)	0.150
100758	Slrrrp (20-50ml Tub)	1.000

If you have any further questions on the products above, please contact me at [Scebold@IowaABD.com](mailto:Scebold@IowaABD.com).

Sincerely,

A handwritten signature in black ink that reads "Nicole Scebold". The signature is written in a cursive, flowing style.

Nicole Scebold  
Products Manager  
[Scebold@IowaABD.com](mailto:Scebold@IowaABD.com)

CC: Scott Oeltjenbruns  
Stephen Larson, Administrator, ABD  
Herb Sutton, Manager-Business Operations, ABD  
Jodi Christensen, Product Management, ABD





Scebold, Nicole &lt;scebold@iowaabd.com&gt;

---

## SLRRRP Follow Up

Larson, Steve &lt;larsen@iowaabd.com&gt;

Sat, Apr 6, 2019 at 7:42 AM

To: "Ackerson, Tyler [ABD]" <ackerson@iowaabd.com>, "Bertram, Leisa [ABD]" <bertram@iowaabd.com>, "Carpenter, Erin" <verduyn@iowaabd.com>, Herb Sutton <sutton@iowaabd.com>, Jodi Christensen <christensen@iowaabd.com>, Joshua Happe <happe@iowaabd.com>, "Nicole [ABD] Hartman" <scebold@iowaabd.com>, "Strauss, Stephanie" <strauss@iowaabd.com>

See below

Stephanie will lead this next stage

----- Forwarded message -----

From: **Stephen Houck** <shouck@slrrrp.com>

Date: Fri, Apr 5, 2019 at 4:30 PM

Subject: Fwd: SLRRRP Follow Up

To: <Larson@iowaabd.com>

Hello Mr. Larson,

We would like to Appeal the ABD decision not to allow Distribution of SLRRRP in Iowa.

I have had some time to review the document. In reviewing the document, I have not found any line discussing "Packaging" nor anything stating an issues with "Alcohol Infused Gelatin."

With Half of our team coming from working in the beer industry we are very well versed in the DISCUS code and we have followed its guide lined with relation to building our brand and advertising campaign.

I have attached a letter that addresses the specific issues that may be in question. If you would like any further documentation please let me know and we will be happy to provide it to you.

Thank you for your time and consideration

Thanks in Advance,

--

Stephen Houck

Chief Executive Officer | SLRRRP

303.886.8525

[www.slrrrp.com](http://www.slrrrp.com)



--

**Stephen Larson** | Administrator

Iowa Alcoholic Beverages Division • 1918 SE Hulsizer Road • Ankeny • Iowa • 50021

[p] 515.281.7402 • [f] 515.281.7375 • [e] [larsen@iowaabd.com](mailto:larsen@iowaabd.com)



To Whom it may Concern,

I would like to introduce myself, my name is Stephen Taft Houck Jr. I am the CEO of SLRRRP alcohol infused gelatin shots. I am a father to 3 beautiful little girls; Kalayah (8), Taft (5), & Jaelah (2), I am a Columbine survivor and founder of a survivor's charity (the Rebels Project). I have grown up in the alcohol industry (my mother worked at Coors Brewery for 33 years) and I have spent my professional career in the business (20+ years). I am a business professional. I am part of my community and I understand the issues and concerns around alcohol.

I am an entrepreneur, I left my job to come and work with my partners to start a brand that is first and foremost responsible. We have spent two and half years in the development and sells of SLRRRP. Coming from an alcohol background one of the largest considerations we took was how will we be viewed by the public and who is our demographic?

We are a fun brand, my partners and I left very corporate jobs to take a risk starting our own company. One of the other key driving factors in SLRRRP is Fun. With responsibility being or key factor in the business we also decided that we wanted to have fun while doing this. We love packaging and colors. We have tested it across all our demographics. With 82% of our potential business (according to IBIS Data research) are between the ages of 25-64. This is who we have geared our marketing toward.

As a gelatin Shot company we did our research on previous companies that have come and gone in this foot print. We take underage drinking very seriously as an organization. TTB has very strict requirements for its packaging but we felt that it was very important that we not just meet their expectations but exceed them. We created 21+ badging for all of our SLRRRP Jars as well as the "SLRRRP Responsibly," Icon. We have even included the "Not for Kids," phrase on the jar as well as the tap on the shot cup. I believe that it is also important to point out that we are only 13% ABV per 50ML shot. Most shots are 35-45% alcohol, making us approx. 1/3 the alcohol per shot.

Responsibility attributes of SLRRRP:

- 13% ABV per 50ML serving – most shots this size (Vodka, Whisky, Rum, or Tequila) are 35-40% ABV – this makes us 1/3 of the alcohol of the standard "shot." – Front Label
  - 3 SLRRRP shots = 1 regular "shot."





- "SLRRRP Responsibly" all of our Jars and display boxes feature the tagline SLRRRP responsibly. – Back label



- "You Must Be 21+ to SLRRRP" – Front Label



- Secondary Packaging – "Not for Kids"



- Primary Packaging – "Not for Kids"

- All individual shots are sealed – we believe that this is a HUGE benefit to the public knowing that the alcohol has not been tampered with (No foreign materials in the cups).







- All SLRRRP Jars are sealed.
  - This helps to reduce theft on an individual basis.



- 
- Social Media and marketing:
  - Our Marketing Campaign features “Blanche,” a 70 something year old who enjoys having a good time responsibly.
    - Social media (Instagram & Facebook) we feature hashtags of #SLRRRPRESPONSIBLY and #21TOSLRRRP on all of our posts (please feel free to review: Instagram @slrrrp, facebook.com/slrrrp)
    - All of the people in our posts are 25 or older
    - Our web page has age verification to enter
- Our Team and Professional Back Ground:

**Steve Houck**  
Chief Executive Officer

- Top sales performer at Coors Distributing
- International expansion for Coors Bottles
- Expanded Coors Brewery distribution in over 10 countries

**Matt Vernon**  
Chief Operating Officer

- Led US retail sales as VP of Coors Sales
- Relationships with 18 national customers
- Responsible for 100+ annual case sales

**Ed Farley**  
Co-Founder / Partner

- Financial / Investment strategy
- Development of food and beverage with various brands
- Founder of R&B, a new health drink

**Trent Killian**  
Chief Marketing Officer

- 15 years of strategic marketing leadership
- Led initiatives for Miller-Coors, Bud Light, and Florida Orange
- Multiple award winning campaigns

**Kelly Pickering**  
Chief Creative Officer

- Marketing and innovation design leader
- Creative lead for Coors and Budweiser
- Experience with Coors, Coors, & Coors

**Jenna Reddick**  
Business Development Director

- Wyman Hotel & Resort's success
- Strong industry relationships in Las Vegas through event and corporate experience

**THE TEAM**







We appreciate that this industry is very heavily regulated and for good reason. We have been fortunate enough to be partnered with an amazing distribution network in the Midwest with the Johnson Brothers team. We know that they take this issue very seriously as well.

We also believe that the precautions taken by on and off premise retailers to ID and monitor that the law is being upheld is extremely important as well.

Please let us know what else we can do to help go above and beyond to help the State Alcohol board know that this product is for people of legal drink age.

We would love to schedule a meeting and introduce the product and marketing deck to you in person and answer any and all questions or concerns.

Thank you for your time and consideration,

Stephen Houck  
Chief Executive Officer  
303-886-8525





ALCOHOLIC  
BEVERAGES  
DIVISION  
State of Iowa

Attachment E

Kim Reynolds *Governor of Iowa*  
Adam Gregg *Lieutenant Governor*  
Stephen Larson *Administrator*

May 17, 2019

Stephen Houck  
Chief Executive Officer/SLRRP  
Via Email

Mr. Houck:

This letter is in response to your request to the Administrator for further review of the Iowa Alcoholic Beverages Division's (ABD) decision on March 20, 2019 to deny your request for permanent listing for the following products:

CODE	DESCRIPTION	SIZE
100757	Slrrrp (3-50ml Stacked)	0.150
100758	Slrrrp (20-50ml Tub)	1.000

On April 6, 2019, the Administrator granted your request for review. After reviewing all of the information provided, it is deemed this product does not meet the social responsibility guidelines ABD follows, specifically due to the packaging and product itself (alcohol infused gelatin). Therefore, the March 20, 2019 denial is affirmed.

The Administrator's decision may be appealed to the Alcoholic Beverages Commission. Your request for appeal to the Commission must be received in writing within 30 days of receiving this letter. The Commission has the discretion to grant or deny requests for appeal.

If you have any further questions on the products above, please contact me at [Strauss@IowaABD.com](mailto:Strauss@IowaABD.com).

Sincerely,

A handwritten signature in black ink that reads "Stephanie Strauss".

Stephanie Strauss  
Administrator's Designee

CC: Scott Oeltjenbruns  
Stephen Larson, Administrator, ABD  
Herb Sutton, Manager-Business Operations, ABD  
Jodi Christensen, Product Management, ABD  
Nicole Scebold, Products Manager, ABD



Scebold, Nicole &lt;scebold@iowaabd.com&gt;

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**Fwd: SLRRRP - Appeal Decision**

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**Strauss, Stephanie** <strauss@iowaabd.com>

Tue, May 28, 2019 at 4:22 PM

To: "Larson, Steve" &lt;larson@iowaabd.com&gt;, "Ackerson, Tyler [ABD]" &lt;ackerson@iowaabd.com&gt;, Erin Carpenter &lt;verduyn@iowaabd.com&gt;, "Scebold, Nicole" &lt;scebold@iowaabd.com&gt;

And we have another appeal...

**stephanie strauss** | government relations

Iowa Alcoholic Beverages Division • 1918 SE Hulsizer Road • Ankeny • Iowa • 50021

[p] 515.281.7432 • [f] 515.281.7375 • [e] [strauss@iowaabd.com](mailto:strauss@iowaabd.com) • <https://abd.iowa.gov>

*Please be advised that any opinions expressed in this email are informal and are only applicable to the factual situation referenced and to the statutes/rules/regulations in existence at the time of issuance. The information provided is meant only as guidance and should not be considered legal advice or a substitute for legal counsel. The Division could take a contrary position in the future to that stated in this email. Any oral or written opinion by Division personnel not pursuant to a Petition for Declaratory Order under 185 IAC Chapter 3 is not binding upon the Division. In any contested case that may arise alleging a violation, the burden of demonstrating compliance with the law rests on the license or permit holder, pursuant to 185-16.106.*

----- Forwarded message -----

From: **Stephen Houck** <[shouck@slrrrp.com](mailto:shouck@slrrrp.com)>

Date: Tue, May 28, 2019 at 4:21 PM

Subject: Re: SLRRRP - Appeal Decision

To: Strauss, Stephanie <[strauss@iowaabd.com](mailto:strauss@iowaabd.com)>Cc: Edward Farley <[efarley@slrrrp.com](mailto:efarley@slrrrp.com)>, Matt Vernon <[mvernon@slrrrp.com](mailto:mvernon@slrrrp.com)>

Hello Stephanie,

Thanks for the reply, We would like to officially appeal the decision. Please let me know if you need anything for formal than this email or if there is another form we need to fill out or anyone else we need to include in this appeal process.

Thanks in advance,

[Quoted text hidden]

--

Stephen Houck

**Chief Executive Officer | SLRRRP**

303.886.8525

[www.slrrrp.com](http://www.slrrrp.com)